Daily Report

Latin America

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Cuba

Reportage on 5th Round of Migration Talks With U.S.

Delegations Resume Talks

PA2811223095 Havana PRENSA LATINA in Spanish 1920 GMT 28 Nov 95

[Report by Roberto Molina]

[FBIS Translated Text] United Nations, 28 Nov (PL) — Cuban and U.S. delegations, once again immersed in an assessment of the immigration issues between both countries, today renewed their discussions at 1030 hours (1530 GMT).

At the previously mentioned time, Ricardo Alarcon, president of the Cuban People's Assembly and head of his country's delegation, arrived together with his advisers to the Permanent United States Mission before the United Nations to renew the dialogue.

Awaiting were Ann Patterson, undersecretary of state for Central American and Caribbean Affairs together with the other members of the U.S. delegation.

Initially, the talks had been scheduled to take place at the Permanent Cuban Mission before the United Nations, but Alarcon later agreed with Patterson's suggestions to continue at the U.S. mission since she pointed out that conditions had been prepared for the talks.

The talks, so far taking place in a frank and constructive climate — as both sides are describing it — have been occurring on a regular basis since 9 September 1994 when both governments reached an agreement to tackle the crisis prompted by the arrival of illegal immigrants from Cuba during the month of August.

The exodus, encouraged by the United States' policy of accepting the illegal immigrants as political refugees and offering them all sorts of privileges, was thwarted by Washington's decision not to accept them any longer and confine them to the U.S. naval base located in Guantanamo.

The United States then committed itself to grant no more than 20,000 visas each year to individuals interested in traveling to the United States and to solve several problems that had risen on account of its nonfulfillment in 1984 of similar agreements, another reason that prompted the illegal exodus, encouraged also by anti-Cuban radio transmissions from Miami.

The fulfillment of those prior commitments, in addition to those adopted in May 1995 related to processing those cases confined at the military base with requirements to emigrate, are being analyzed now, including Cuba's obligation to prevent any illegal exodus.

Both sides have maintained strict reserve with respect to the content of the talks and everything attributed to it so far by several U.S. press sources is mere speculation for the moment.

It is expected that today, at the end of the fifth round of talks, a press communique will be released, and a meeting between correspondents accredited here with the head of the Cuban delegation is highly probable.

Alarcon: Some 'Rationality' in U.S. Stance

PA2911052795 Havana PRENSA LATINA in Spanish 0401 GMT 29 Nov 95

[FBIS Translated Text] United Nations, 28 Nov (PL) — Ricardo Alarcon, president of the Cuban National Assembly of the People's Government, remarked today that President William Clinton has inherited a very negative policy of hostility and blockade toward Cuba, and has emphasized that he upholds and carries it out just as he received it.

In a meeting with a group of Spanish-speaking reporters, Alarcon added that he cannot disregard the fact that, in upholding that policy, there are elements of rationality, of moderation in the language and U.S. rhetoric.

Alarcon led the Cuban delegation attending the fifth round of talks to review compliance with the migration agreements, signed in September 1994, that concluded today after two work days. Alarcon noted that it is enough to think a little about the 12 years of Republican administration to notice the difference.

He stressed that it gives the impression that it is not the same aggressiveness, the same hostility, even though, at the same time, much attention is being given to emphasizing that the same policy is being maintained, which is basically true.

Asked whether the Cuban Government fears the return of the Republicans to the White House in November 1996, he answered no.

However, he said, the best thing for the Americans and the Latin Americans would be for there to be political understanding toward the problems of a majority of the U.S. people and the peoples of other countries, which is not the attitude reflected by the U.S. right-wing radicals.

I think this will happen, because I do not believe the views of the right-wing radicals can be imposed for a long time. The people will begin to increasingly realize the tremendous social cost these views would entail for millions and millions of U.S. citizens.

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Asked about the state of relations between the U.S. Government and the anti-Cuban ultrarightists, he said that in some points, just as in migration agreements, the administration has tried to design and draft a U.S. policy on these matters, trying to bring them out of the virtually secluded state in which they were maintained by those extremist minority groups.

There is a separation, both in these agreements and in general in policy toward Cuba, in the sense of designing and defining what U.S. objectives are, because after all Cuba is a topic of foreign policy and not of the elections in one country or another, and must be viewed according to the interests of the nation as a whole, Alarcon stated.

If this has been happening, he added, it is something that is quite contrary to the selfish, narrow-minded vision that some legislators of Cuban origin or other persons have.

As for Clinton's proposals last October, presented by the White House as a "flexibilization," he recalled that on 20 August 1994, the President said that they will only permit travels to Cuba for strictly humanitarian reasons and on 6 October 1995, the State Department reported that these would be granted only in the event of an extreme humanitarian emergency.

Comparing the two phrases you can see whether the policy was relaxed or tightened, based on the language used, he said.

He added that the measure of giving financial support to those groups that the U.S. Administration believed could help change the Cuban Government is a clear violation of international law, although only what is done in practice is said in public.

Regarding the talks that ended today, he said that they were held within an atmosphere of frankness and work and showed that the migratory agreements passed the test of fire and are being complied with. That evaluation was shared by both sides.

He described the work of his counterpart in the talks, Mrs. Ann Patterson, assistant secretary of state for Central American and Caribbean affairs and chief of the U.S. delegation, as very competent and serious.

Asked about Cuban President Fidel Castro's trip to the PRC, he said that relations between both countries are excellent and that learning about the interesting experience in that country is worthwhile.

He added that PRC authorities have been waiting for Castro's visit for many years, and that current conditions concerning programs and schedules have made it possible. He added: I am sure that it will contribute to continue developing our ties, which are really superb.

Report on Alarcon Interview

PA2911025995 Havana Cuba Vision Network in Spanish 0100 GMT 29 Nov 95

[Report by Julio Acanda from New York; from "NTV" newscast]

[FBIS Translated Text] The round of migratory talks between Cuba and the United States, which started in New York yesterday, ended only a few minutes ago. Ricardo Alarcon, chief of the Cuban delegation and head of the Cuban Parliament, gave exclusive statements to Cuban television. He described this new round of talks as being useful and necessary, but clarified that they were also an example of the paradox of U.S. actions because, on one hand, it has the will to regularize its migratory relations with Cuba and, on the other, it strengthens the blockade and restrictions to family encounters. Alarcon said that during this new round of talks they had checked several technical aspects so as to implement previous agreements and had also established the continuity of the encounters. The chief of the Cuban delegation underscored the importance of those meetings when he assessed the main obstacles blocking the normal development of the migratory relations between both countries. In later casts, we will have more details on the exclusive statements given by the chief of the Cuban delegation to the Cuba-U.S. migratory talks.

Alarcon Comments After Talks

PA2911043095 Havana PRENSA LATINA in Spanish 0306 GMT 29 Nov 95

[FBIS Translated Text] United Nations, 28 Nov (PL) — The fifth round of talks between Cuba and the United States to review the current status of the migration agreements signed on 9 September 1994 ended today. The talks were characterized by the most strict privacy.

Ricardo Alarcon, president of the National Assembly of the People's Government of Cuba and chief of his country's delegation, said at the conclusion of the talks that the objectives sought by both sides to conduct a follow of the agreements were fulfilled.

He added in a meeting with journalists that this has allowed more than 25,000 persons to receive visas to travel to the United States so far, a figure that is higher than the number of visas approved with the 1984 agreement.

He said there are no differences between the two countries regarding the fulfillment of the agreements

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and said that the first agreement and the amendments made in May 1995 have resisted the trial by fire.

He announced that the analysis rounds will continue and the next one should be held in Havana in approximately three months, but the date will be determined later on.

He said, however, that there is still a restrictive attitude by the United States, inspired by the interest of certain U.S. circles in maintaining the blockade, adversely affecting the Cuban economy, and making communication difficult.

I am referring, he said, to the entire U.S. migration policy, which not only includes those who intend to set up residence in the United States but those wishing to travel between both countries for all kinds of reasons and the local law, in the case of Cuban residents and in the case of Cuban-Americans, is not respected.

He added that no other community of immigrants living in the United States has to face any restriction to travel or to send remittances to their relatives in their countries of origin.

Asked about the topic being discussed by the local media about the excessive cost of services provided by Cuba to those wishing to migrate, he said it has been exaggerated and inflated because it is not true that it has adversely affected travelers as demonstrated by the 25,000 visas granted since September 1994.

Besides, he added, these are things having to do with U.S. legal requirements such as the AIDS and the tuberculosis tests as well as the health, marriage, divorce, and academic certificates, the issuing of passports and other expenditures.

As a result of the U.S. blockade, it costs Cuba more than any other country to purchase, for instance, reagents [reactivos] to conduct medical tests, and in addition, an expenditure by a reduced number of persons would be passed on to a population of 11 million with no interest in emigrating, which is not fair, he said.

The solution, he added next, is very simple: not to demand any of that or lift the blockade. Alarcon was of the opinion that the idea deep down is to spread the blockade obsession everywhere and estimates are made on the $15 million Cuba would receive for those things, as if with that amount a country could subsist or provide for itself when a tourism hotel contributes that figure in one year.

He did not rule out, however, the possibility that since that expense may be hurting some persons, Cuba may analyze, as an exception, an adjustment for specific situations.

As for the matter of the so-called excludable or Marielitos confined to U.S. prisons who want to return to Cuba, Alarcon recalled that an agreement was signed in 1984, when a list of 2,746 persons was scrupulously prepared and is being complied with. But the reports made there regarding a new relation has nothing to do with that, which is not fair not moral to bring up, since one cannot accept that because they robbed a store or committed a crime of passion in the United States that country would want to return them, he noted.

Since 1959, he added, Cuba has asked the United States for the extradition of some persons accused of killing thousands of citizens and, yet, they have not been returned, as is the case of Esteban Ventura, chief of repressive corps during the Fulgencio Batista dictatorship who lives freely in Miami.

With regard to Cuba's proposals, he said that they basically center on the restrictions President William Clinton ordered in August 1994, banning ties among Cubans. If the hope is to have an orderly and legal migration flow between the two countries, stumbling blocks cannot be created, and that is why we feel that they are contradicting the spirit and letter of the accord, he noted.

Further Reportage on Castro Visit to PRC

PRC Official Previews Visit

PA2811160195 Havana PRENSA LATINA in Spanish 0605 GMT 28 Nov 95

[Report by Special Correspondent Javier Rodriguez]

[FBIS Translated Text] Beijing, 28 Nov (PL) — China strongly opposes the Helms-Burton law, which seeks to strengthen the U.S. blockade against Cuba, and believes that Fidel Castro's upcoming visit to China will foster the development of friendly and cooperative relations.

In an interview granted to PRENSA LATINA, Li Guoxin, director of the Latin America Department at the Chinese Foreign Ministry, said that his country is convinced that the Cuban president's visit will help enhance the mutual understanding that exists between the two nations.

The Cuban head of state will arrive in the Chinese capital tomorrow as the guest of his Chinese counterpart Jiang Zemin, and he will remain in China until 8 December.

Guoxin said that Cuba was the first Latin American state to establish diplomatic relations with China, and he pointed out that over the past few years, exchanges between the two governments and their respective legislatures have increased.

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Guoxin said that cooperation in the economic-trade, scientific, technical, and cultural areas have expanded consistently, and that China is pleased with the manner in which their bilateral relations have developed.

Guoxin went on to say that Fidel Castro's trip to China might further enhance the development of relations between the two countries.

With regard to the Helms-Burton law, which is being debated at the U.S. Congress, the Chinese Foreign Ministry official pointed out that the measures against the island obviously goes against international opinion.

Guoxin underscored that at the United Nations, the number of countries voting against the U.S. blockade increases each year, and China has always felt that no country has a right to meddle in the internal affairs of or impose a foreign law on another country.

Guoxin said that it has been proven in practice that economic and trade harassment by the United States is not favorable to either Cuba or the United States, and he called for the establishment of a dialogue based on equality.

To conclude, Guoxin pointed out that it would be advantageous to further strengthen friendship and cooperation between China and Cuba, not only for the basic interests of the two nations and peoples, but as a contribution to world peace and South-South cooperation.

Envoy to PRC Previews Visit

PA2811202895 Havana Cubavision Internacional Television Feed in Spanish 1432 GMT 28 Nov 95

[Interview with Jose Guerra Menchero, ambassador to the PRC, by unidentified correspondent in Beijing; date not given — recorded]

[FBIS Translated Text] [Correspondent] We are with Ambassador Guerra Menchero, in the run-up to President Fidel Castro's visit to the PRC. Mr. Ambassador, how are relations between the two countries?

[Guerra Menchero] I can sum them up in one word: Excellent!

[Correspondent] What about trade opportunities, considering that relations are excellent?

[Guerra Menchero] Sino-Cuban trade relations have been very complementary. Although the old trade system — based on the [name indistinct] protocol — will end this year, conditions have been created through the great willingness and cooperation of the Chinese not only to prevent these trade relations from crumbling but also to step them up in 1996 and beyond.

[Correspondent] Specifically, how can they be increased? With what products?

[Guerra Menchero] We are great exporters of sugar, a product that the PRC needs. We are slowly broadening our horizons, getting into things like biotechnology. We export interferon to the PRC. We will soon put other products on the market. There is a Cuban pharmaceutical plant in the PRC. This is another direction we are taking with regard to bilateral trade.

[Correspondent] Cuba is a small country in the West, while the PRC is a giant country in the East. How are the two countries similar or different?

[Guerra Menchero] There are a few peculiar cultural differences. These countries are not new. When it is night here, it is day there. What unites us? Socialism. We are both socialist countries, with a communist party leading society. We both believe in building our society in a similar way. Although differences in size, climate, and so forth will always mean that there will be tactical differences, socialism and the need to build a socialist society will alway be a unifying factor.

[Correspondent] Sino-Cuban relations have expanded to the highest levels in recent years. Any comment?

[Guerra Menchero] This exchange of high-level visits — which culminates with the commander in chief's much anticipated visit — has been one of the highest level exchanges that the PRC has had with any country in the entire world. The most important Chinese leaders have visited Cuba, not just the highest ranking leaders but many delegations of all kinds — political, economic, scientific- technical, and cultural.

[Correspondent] Will Castro be strictly limited to protocol? Or will he be allowed to see the country?

[Guerra Menchero] A formal state visit has its protocol. However, I think that our Chinese friends plan for protocol to take a back seat so that the commander can get to know the PRC, see the PRC, feel the PRC, and avoid all that which is formal and which will prevent him from seeing this marvelous country.

[Correspondent] Do you think this visit will have an impact beyond the visit itself, with a view to the next century?

[Guerra Menchero] This is the very importance of this visit. The important thing about it is not what we are going to talk about today but how what we are discussing today will be directed toward the new century, a century where socialism will continue to be socialism and will bounce back as a system at the international level.

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[Correspondent] Thank you, Ambassador Guerra Menchero, for your speaking with Cuban television.

Antidrug Campaign Agreement Signed With Mexico

PA2811213595 Havana PRENSA LATINA in Spanish 0133 GMT 25 Nov 95

[FBIS Translated Text] Havana, 24 Nov (PL) — With the signing here today of important agreements during the last session of the Third Conference of the Cuba-Mexico Cooperation Committee on legal and criminal matters, the two countries decided to join forces in the fight against the international drug trafficking.

Thus, both Cuba and Mexico actively agreed to exchange information and specialists on new drugs, ways of concealing drugs, and methods of analysis, among other topics.

However, the approval of the draft treaties on legal and criminal assistance was postponed until the first quarter of 1996.

During the talks, a consensus was reached on the need to fight drug trafficking comprehensively, and to this effect, the Mexican representative referred to his country's experiences by saying that the use of cocaine has increased in recent years.

Meanwhile, Cuban First Vice Justice Minister Zenaida Osorio stated that thus far, the consumption of stimulants or psychotropic drugs [sicofarmacos] has not been a problem in Cuba. However, she added that the National Drugs Commission and the Ministries of Public Health and Education will draft a preventive program for 1996.

She explained that "for this purpose, we need help, because we have no experience in matters of that sort or other matters such as money laundering, since we have never had to face those difficulties."

The purpose of joining forces between the two nations in the drug fight was the stimulus that led to the Third Conference of the Cuba-Mexico Cooperation Committee, which has been meeting in Havana since Thursday.

Raul Ramirez Medrano, general coordinator of the Center for Narcotics Control in Mexico, examined the aspects conducive to strengthening the interception at sea of drug shipments [bombardeos de drogas], as well as assistance and exchange in customs matters, among other topics.

At the inaugural session, Dr. Osorio remarked that several generations of Cubans have never seen or had contact with that deadly social scourge.

However, she added, the increase in tourism, the elimination of penalties on holding foreign exchange, and the economic opening being undertaken by the government constitute factors that can indirectly determine the need to draft the first preventive plans.

The conference's participants also examined topics related to the exchange of information on drug trafficking and similar crimes, as well as the creation of criminology laboratories, the identification of criminal organizations, and technical assistance, among other aspects.

Agreements, Document Signed With Nicaragua

PA2911121195 Havana PRENSA LATINA in Spanish 0328 GMT 25 Nov 95

[FBIS Translated Text] Managua, 24 Nov (PL) — Cuba and Nicaragua signed today two agreements of bilateral cooperation and a final document for the definitive settlement of property problems between the two countries in their respective capitals.

The documents signed by Benigno Perez and Jose Bernard Pallais, Cuban and Nicaraguan vice foreign ministers, respectively, represent a major step in the development of their bilateral relations, according to the two parts.

Cuba and Nicaragua signed a cooperation agreement to fight illegal drug trafficking and psychotropic drugs; a cooperation protocol between their foreign ministries; and the final document to negotiate 12 Cuban properties in Managua and another three Nicaraguan properties in Havana.

Concerning the case of the Cuban Embassy's real estate, the two parts negotiated a combination of operations to return, legitimize, indemnify, and pay compensation for several properties by charging to the debt contracted with Cuba.

According to the Cuban vice foreign minister, the outcome of the talks demonstrates that dialogue and negotiations constitute the only means to reach important agreements.

He also remarked that this particular agreement gives a definitive solution to an issue that was adversely affecting the bilateral relations.

This is Perez's second visit to Managua and the third round of bilateral talks held on the issue of the Cuban Embassy's real estate, which was claimed by its former owners following the change of government in 1990.

Those pieces of real estate had been seized by the Sandinist government (1979-90) from a group of persons who had either left the country or had links with the Somoza dictatorship.

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According to Pallais, who praised Havana's understanding in light of the complexity of the matter, it was important to be able to accommodate the interests of the two countries with the Nicaraguan Government's domestic obligations with the claimants of these houses.

The settlement of this issue, he added, has been a bridge to establish closer ties of cooperation and friendship between our countries.

After signing the documents, the Nicaraguan part acknowledged Cuba's medical and scientific assistance to this Central American nation in the investigation, treatment, and control of the Leptospirosis epidemic, which has affected this country since mid-October.

To this effect, Perez stressed that it has been an honor for Cuba to be able to lend its humble assistance in tackling this disease, and confirmed that in the past, today and in the future, the Nicaraguan people can count on the Cuban people, because our friendship and solidarity go beyond circumstantial matters.

Perez, who arrived in Managua on Wednesday accompanied by Jose Peraza, legal director of the Cuban Foreign Ministry, concluded his official visit to Nicaragua this afternoon.

Castro Announces Embassy To Open in Denmark

PA2811205895 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Nov 95

[FBIS Translated Text] [Station announcer Cesar Arredondo] Commander in Chief Fidel Castro announced today in Copenhagen that Cuba will soon open an embassy in Denmark. He took advantage of a stopover in the Danish capital to visit the Resistence Museum [name as heard] that records the struggle of the Danish people against Nazi occupation during World War II. Commander in Chief Castro described Cuba's relations with Denmark as good and friendly and reiterated that an embassy will soon open in Copenhagen. Until now the Cuban ambassador in Sweden has handled this embassy for economic reasons. On this matter, the Cuban president noted that the decision to open this embassy was made during the UN social summit because we realized the need to have a representation there.

Western Army Troops in Alert-95 Exercise

PA2811214995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] During the past two days, Western Army reconnaissance troops [tropas de exploracion] and radio-electronic combat resources have been participating in the Alert-95 exercise.

This command station coordinated the units that make up the unified reconnaissance system, as well as the continuing search for and transmission of information regarding a hypothetical enemy.

[Begin unidentified speaker recording] This is a combination of all elements — which seek out information — available in the territory. They are the eyes which enable us to act later. [end recording]

The exercise made it possible to examine the level of cooperation obtained from the different types of reconnaissance forces, made up by special forces, defense zones, and specialized regular army units.

[Begin unidentified speaker recording] Reconnaissance without the participation of the population would lack a fundamental element. This element is the information that comes from the population — as we explained earlier — and it is organized by Cuba's unified reconnaissance system. It did not have the population involved. The population is the element which produces the most detailed information regarding the enemy's situation and activity in the territory, territory in which there are regular army troops and production and defense brigades. [end recording]

Central Army Equipment Inspected by Minfar

PA2911050495 Havana Radio Rebelde Network in Spanish 1255 GMT 25 Nov 95

[Report by correspondent Marta Fernandez from Matanzas]

[FBIS Translated Text] [Fernandez] The Central Army has attained a rating of outstanding in an inspection by the Ministry of the Revolutionary Armed Forces [Minfar] on equipment and weaponry preservation, with ratings of over 95 percent in quality and technical standards. The ministerial commission inspected a group of Central Army units, of which units no. 2020, 2499, 3698 and the Matanzas' General Staff received the rating of outstanding.

For this reason we have here with us Colonel Jesus Delgado Fernandez, chief of the Minfar's Directorate.

Colonel, why was the Central Army rated outstanding in this inspection of equipment and weaponry preservation?

[Delgado] We believe the reason the Central Army got this rating is because of the work it has conducted in a systematic manner. This is especially true in light of the words by the minister of the Revolutionary Armed

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Forces, who said that when one works with love, the outcome is results. We were able to confirm that this army is working with love. This is why it attained this rating.

We congratulate them for the results attained and urge them to maintain this level of performance until they reach the goal, having every piece of equipment in condition to fulfill whatever combat tasks are necessary.

Commentary on Taxation Measures To Help Economy

PA2911020995 Havana Radio Havana Cuba in Spanish 0000 GMT 28 Nov 95

[Station commentary by Ignacio Canel; from the "Evening Information Review" newscast]

[FBIS Translated Text] The upcoming application of resolutions that regulate tax collection from the people on personal income in foreign or national currency, the ownership and operation of recreational or business boats, and on tolls on certain roads, especially those used by tourists has been announced in Havana.

These new measures will become effective on 1 January and have certain exceptions. These reflect the care being used to place into practice readjustment measures that are needed by the country to reorganize the economy. The economy is seriously under pressure due to the trade and financial blockade imposed by the U.S. Government more than 30 years ago.

As it is known, the Cuban economy has suffered losses currently estimated to exceed $45 billion due to the criminal measure. Also affecting the economy has been the abrupt disappearance of the Soviet Union and the East European socialist community, with which Cuba maintained more than 85 percent of its foreign economic relations. This has plunged the island into one of the worst economic crises ever.

Both of these circumstances together has forced the Cuban revolutionary government to put into effect the so-called Special Period, intended to maintain the country's economy working in wartime.

The Cuban economy experienced a dramatic drop caused by the collapse in exports, the abrupt stop in imports, and an uncontrolled increase in circulating currency with no mercantile use inside Cuba. To this one must add fuel shortages, which caused the stoppage of numerous industries, social constructions and development plans, as well as the reduction of important social services. Only health, education, and social security work uninterrupted. These are the pillars of the socialist form of government. Not a single hospital closed during the crisis' most serious moments, despite the acute shortage of medicines and supplies.

The economic drop halted last year when an annual growth of 0.7 percent was reported, the first positive moment since the start of the crisis.

The revolutionary government, after carefully consulting all the people and [words indistinct] of the country, in work centers and territorial demarcations, has put into practice economic readjustment measures to emerge from the crisis. One of these measures is taxation, which for several decades was halted in Cuba. Taxation is intended to strengthen state income, regulate monetary circulation [words indistinct], and give the country economic stability and rationality.

Taxes have [?already] been applied in [words indistinct] in commercial activities such as self-employment, which now involves more than 200,000 citizens affected by personnel rationalization in enterprises that have to ensure profitability.

The measure, which should become effective on 1 January, has to do with personal income and has the agreement of all the people, as we have already explained. The Cuban revolutionary government expects to close 1995 with a 2.5 percent economic growth, a significant increase in sugar production — the country's main economic item — and thus firmly stabilize the national economy to ensure it emerges out of its current crisis.

Article Views Banking Structure Changes

PA2911042695 Havana Radio Havana Cuba in Spanish 0000 GMT 23 Nov 95

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] The changes that have taken place throughout the world have led Cuba to implement a geographic reorientation process on the foreign trade aspect, finding new markets for Cuban products as well as new supply sources.

The economic opening and other domestic measures as well as Cuba's links to international finance sources imply a need for significantly restructuring the national banking system.

To produce significant changes on the property aspect in many sectors, it is necessary to have monetary and financial instruments that permit controlling indirect [words indistinct].

Jose Julio Rodriguez, vice president of the National Bank of Cuba [BNC], has explained the need for making qualitative changes in the system.

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[Begin Rodriguez recording] In the agricultural sector, the BNC used to grant credits and operate the bank accounts of a small number of large state enterprises. Right now it must grant these services to more than 3,000 Basic Cooperative Production Units [UBPC's]; 1,161 agricultural and livestock production cooperatives; and approximately 86,000 independent farmers.

In the past, foreign trade activities revolved about a small group of state enterprises. Now this is being done by more than 240 enterprises, and in the country there are already 635 foreign enterprise representatives.

A few years ago, the level of foreign investments was small. Right now more than 200 enterprises operating in Cuba have foreign capital participation and approximately 300 new projects of this nature are being negotiated.

In the past, self-employment was practically nonexistent. Right now approximately 200,000 workers operate this way, and it is believed this figure will continue growing. [end recording]

In the past, the BNC managed all foreign financing only on exceptional situations, but now, under current conditions, it is increasingly endorsing the qualifications that productive and marketing enterprises operating in the country have to negotiate [one-second break in reception].

As a result of this situation, it is necessary to offer broader and more general and complex bank services domestically and internationally. To achieve this, it has been proposed separating the functions of the central, commercial, and development bank systems and to create banking and financial institutions that should act as promoters and intermediaries of financial activities [one- second break in reception]

The new blueprint depicts the Central Bank as the nerve center of the national banking system. The Central Bank will act as the system's governing organ, will be the issuing bank, will propose what the country's monetary policy should be, and will supervise the other members of the system.

The other components of the banking system are explained by Jose Julio Rodriguez.

[Begin Rodriguez recording] There are plans for the People's Savings Bank [Banco Popular de Ahorro], which has 500 offices throughout the country, to continue concentrating its efforts on drawing national savings and on granting credits to the people; and to gradually begin carrying out all sorts of bank operations, having secured the authority to offer short- and medium-term financing to enterprises and other entities.

This will considerably expand the banking system's ability to offer services to the enterprise system and propitiate more direct links between bank savings and bank credits. The creation of an industrial, agricultural, and commercial bank is deemed suitable. It would perform a significant number of functions being carried out by the BNC with its 200 offices throughout the country.

This new bank will carry out, in commercial terms, all sort of bank operations to finance productive and commercial activities.

To complement this bank's activities, work is on to create a group called New Bank Inc. [Nueva Banca S.A.], which will comprise entities operating as nonstate institutions. This includes the International Commerce Bank, which will continue operating as it has until now, as an intermediary specialized in international operations; the National Finance Association [Financiera Nacional S.A.], created to carry out financial activities of a nonbanking nature based on modern practices, which will make financing — especially short-term financing — more efficient for the benefit of enterprises operating in Cuba.

The Exchange House, a recently created enterprise dedicated to traditional monetary exchanges, exchanges dollars for national currency and vice versa.

The legal statutes of the current international branch of the BNC, located in the [word indistinct], have been transformed so that it serves, basically, the accredited diplomatic corp and foreigners [words indistinct] residing in the country, [words indistinct] and makes it easier for Cubans to offer more efficient and specialized service to this segment.

An investment bank will also be created. Its main function will be to promote investments in Cuba by all means made available by financial markets and found suitable. This entity will specialize in medium- and long-term financing and offer financial advice to national and foreign firms operating in Cuba that may request it.

This bank will engage in [word indistinct] market operations on its own and on behalf of clients.

This corporative outline [words indistinct] also includes the [word indistinct] International Bank, a BNC branch in London that specializes in [word indistinct] international commercial bank activities, which recently opened a representation office in Cuba.

The national banking system also includes the International Financial Bank and eight other foreign bank representation offices registered in our country this year,

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almost all of them. This shows a growing international bank community interest in the Cuban market.

Right now we are processing requests for the opening of representation offices of other foreign banks. [words indistinct] We are working on creating suitable conditions for an integral automation and interconnection of all our bank offices by the end of 1997 to have a banking infrastructure capable of facing the requirements of the economic transformations being made.

Once this program is completed, all the bank offices will be connected to a public data network whose vanguard is already functioning in Havana. [end recording]

During a news conference, the BNC vice president said that foreign banks represented in the island promote the businesses of their entrepreneurs but do not have bank-operation licenses. Regarding the possibility of the BNC granting credits to the national private sector, Rodriguez said:

[Begin recording] [Rodriguez] The bank analyzes credit requests based only on commercial suitability. That is, if someone proposes setting up a business and the bank, after analyzing it, decides that it has reliable foreign exchange and local currency backing, then there is the possibility that the bank will grant support. Of course, the bank will not have relations with a person who does not have a license or who has not been authorized to operate in a particular activity. However, no one authorized operating in a particular field should be prevented from filing a request at any Cuban bank.

[Samper] What if a self-employed worker requests credit for a feasible project? Will the bank process his request without the backing of an enterprise or a firm or something like that?

[Rodriguez] If that person is registered, he has every right to file his bank request.

[Samper] If he has a self-employment license.

[Rodriguez] Correct. The bank more specialized in serving the people is the People's Savings Bank, but as Mr. Rodriguez explained, the BNC, also, finances small farmers who can obtain bank credits if they have a small plot of land.

[Samper] Can this credit be granted in either local currency or in foreign exchange?

[Rodriguez] Yes, subject to the requirements I have explained. If the business obtains its revenues in foreign exchange, the bank could accept this.

[Reporter] Can a Cuban make investments in the country?

[Rodriguez] This is subject to a decision on who can operate in the country. This is something the banks do not decide. [end recording]

Transformations in the Cuban economy have determined reforms in the national banking system, whose premise is to gain agility, efficiency, and international prestige to contribute to the creation of the financial capacity being demanded by [2-second break in reception].

Agriculture Officials Meet on Sugarcane Preparations

PA2911050295 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Sustained efforts conducted nationwide in sugarcane agriculture have halted the decline of recent years and foretell a larger harvest in the 1995-96 campaign. This was the consensus at the Agriculture Deputy Managers National Seminar of managers from 156 sugarcane complexes and provincial and national level managers. This meeting, among others, seeks to assess the work conducted to date and prepare for the so-called Harvest of Pride.

The Sugar Industry Ministry is relying on a general plan for the 1995-97 three-year period in an effort to reach again the standard levels of other sugarcane harvests. The meeting included debates on cane varieties and pest control strategies ranging from seed beds to grinding and the use of animal power, which is still far from its goal despite significant progress, as well as tending efforts by means of deep furrowing and field treatments.

In general terms, progress is noticeable in sugarcane agriculture. However, the moment calls for surpassing the positive [as heard] and ensuring that the current delays in the winter planting campaign do not affect the 1996-97 harvest.

Tourist Sector Workers in Military Training

PA2811221395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Today, Mateo Jarque exchanged his bar — in a luxurious tourist center in Santiago de Cuba — temporarily for a rifle and a shooting range. Just like him, 200 other tourist sector workers took advantage of Sunday to exercise their military training. Once more, a good initiative — implemented here — was put into practice, involving workers from this sector in military training.

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[Begin unidentified speaker recording] A bullseye with just one shot! [end recording]

[Begin General William Mastrapa recording] This initiative is originally theirs and not ours. [end recording]

That is the way General William Mastrapa, chief of staff, explained how this initiative came to life. Enthusiasm is quite high and almost everyone attended, according to this high-ranking official. The truth is that the idea has become very popular and — without affecting their daily task — the rest of the personnel will continue to rotate, thus enabling them to attend as well. Even though the idea of involving tourist sector workers in periodic military training originated in Santiago de Cuba, this could well be extended to the rest of the country. Only the growing number of people in the sector justifies the initiative.

However, there are two other fundamental reasons. First, this initiative promotes the necessary involvement between them and the nation, and second because notwithstanding the advantages they evidently have, they do not forget their roots and their necessary obligations to Cuba.

Roundup of Economic Developments Through 27 Nov

PA2911051695

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 27 November.

A 16 November Havana-datelined report says that the Cecom-Ditel Cuban marketing company and the Japanese Casio Company have signed an agreement whereby Casio watches will be assembled as of next year in Pinar del Rio province. The agreement calls for the production of approximately 120,000 watches per year, and for the future production of calculators and audio equipment. (Havana PRENSA LATINA in Spanish 0005 GMT 17 Nov 95)

The miners of the Che Guevara nickel mines at Moa have reported their production has increased this year to the point that by October, they had already met their annual production goal. The miners have extended their work hours and implemented measures to conserve and protect their equipment. In the central workshop, the miners manufacture the spare parts they need for repairing their mining and transportation equipment. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 18 Nov 95)

Municipality and provincial representatives gathered in Juan Vicente in Mayari, Holguin to see for themselves why this peoples' council is the national standard for family-run seafood farms following last year's suggestion by Comrade Raul (Castro). Currently there are about 3,000 pools in the province, but are not doing well in all of the municipalities. Results are still pending for Camaguey, Pinar del Rio, Santiago de Cuba, Guantanamo, and Villa Clara, among others. Juan Contino, National Coordinator of the Committees for the Defense of the Revolution explaine that the intended goal was an average of 10 pools for each peoples' council, which would amount to 15,000 pools. Currently there are 19,300 pools. (Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 95)

September production figures for roots surpassed 800,500 quintales in Las Tunas Province, which represent 80 percent of the forecasted amounts, but with 66,000 quintales more than the same period in 1994. Consumption per capita works out at 8 lbs. Plantain production dropped 172,000 quintales compared to 1994. (Havana Radio Rebelde Network in Spanish 1800 GMT 21 Nov 95)

Cuban Vice President Carlos Lage attended the event to commemorate the 40th anniversary of the Central Bank of Cuba and highlighted the attendance of bank representatives from 45 countries and said it is the result of the efforts being furthered by the country and an important period to further relations with those banks. (Havana Radio Havana Cuba in Spanish 0000 GMT 21 Nov 95)

Sources from the sugar and food sectors have reported that several credit and other agreements were signed between foreign banking institutions and domestic commercial firms during the events to mark the anniversary of the Central Bank of Cuba. The foreign banks include the (Insk Bank) of Holland, Societe Generale de Paris, Banco Bilbao Viscaya and Banco Sabadel, both from Spain, and the Banco Nacional de Comercio Exterior of Mexico. The Central Banks of Cuba and the Russian Federation also signed a cooperation and information agreement. (Havana Radio Havana Cuba in Spanish 0000 GMT 21 Nov 95)

A 23 November Havana-datelined report says the construction of a complete thermal bathing resort at Corralillo, Villa Clara Province has been started. The resort's main investor, Jose Garcia del Busto, reported that the installations will be very modern and will be able to attend 480 persons in seven working hours and apply approximately 1,300 therapies at the same time. The construction of the resort should be ready by May 1997, he added. (Havana PRENSA LATINA in Spanish 1732 GMT 23 Nov 95)

Interior Ministry's (Minint) agriculture programs have yielded positive results in Camaguey. The Minit's

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science and technology forums have helped soldiers and civilian employees in this endeavor. Minit agriculture official Ramon Garcia has reported that the Camaguey program, which started in 1992, developed strongly this year and reaped approximately 400,000-pesos worth of products which will be used to meet the demands of this ministry. He also reported that program members are making and selling fine leather articles. Another important solution contributed by those workers in Camaguey is the preparation of healing agent and disinfectant, made with red mud, used on animals. This preparation replaces (Caocin), a preparation that has to be purchased abroad. (Havana Radio Reloj in Spanish 2030 GMT 26 Nov 95)

Correction: Foreign Minister Discusses Ties With EU

PA2411234995

The following correction pertains to the item headlined "Foreign Minister, Deputy Discuss Ties With EU," published in the 24 November Latin America DAILY REPORT, page 3:

Column two, second full paragraph, only sentence make read: ...recording] [new graf]

Nevertheless, as Tubal Paez, president of the... (correcting spelling of name)

Correction: Official on Castro's Visit to China

PA2411233795

The following correction pertains to the item headlined "Reportage on Announcement of Castro Visit to PRC: Foreign Ministry Official on Visit," published in the 24 November Latin America DAILY REPORT, pages 2-3:

Page 3, column one, third complete paragraph, only sentence make read: ...Dr. Ricardo Alarcon de Quesada, president of our... (correcting spelling of name)

Haiti

Aristide Interviewed on Willingness To Step Down

PA2811173895 Port-au-Prince Signal FM Radio in Creole 1230 GMT 28 Nov 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] President Jean-Bertrand Aristide has asserted in an interview that will be published in the 29 November issue of the newspaper LIBETE that he will withdraw from power on 7 February 1996. When asked about his partisans' demand that his mandate be extended for three more years to make up for the three years he spent in exile following the coup d'etat, President Aristide said that his duty is to listen to those favoring the three-year extension and those who (?do not) agree with the elections. I do not want to divide the Haitian family, the Haitian head of state pointed out. When asked about eventually deciding on one solution or another, with a possible successor — the candidate chosen by the presidential party, the Lavalas Political Platform, former Prime Minister Rene Preval — President Aristide said: Let us watch, let us observe, and we shall see, based on what will be published tomorrow in the newspaper.

Presidency Spokesman on Aristide Pledge To Step Down

PA2911033295 Madrid EFE in Spanish 0124 GMT 29 Nov 95

[FBIS Translated Text] Port-au-Prince, 28 Nov (EFE) — Presidency Spokesman Yvon Neptune reiterated today that President Jean-Bertrand Aristide will comply with its commitments with the international community and will relinquish power on 7 February 1996.

Neptune, who made this statement in a radio interview, stated that the international community misunderstood Aristide's remarks during the closing of the meeting dubbed "National Dialogue," in which different sectors of the Haitian society discussed the nation's future.

"In all of his public statements, President Aristide has always said that he will hand over power on 7 February 1996," the official added.

Neptune also stressed that it was Aristide who convened the elections, and added that the Provisional Electoral Council continues with its preparations for the elections and the Parliament is working as normal.

Neptune's remarks took place amid rumors that Aristide is considering the possibility of making up for the three years he was in exile halfway through his constitutional mandate following the military coup d'etat of 30 September 1991 that removed him from power.

In an interview with the weekly LIBETE, which is published tomorrow, Wednesday, Aristide renewed his pledge of surrendering power to his successor on 7 February.

Senate President Rejects Aristide Call To Meet 29 Nov

PA2911005895 Paris AFP in Spanish 2237 GMT 28 Nov 95

[FBIS Translated Text] Port-au-Prince, 28 Nov (AFP) — Haitian Senate President Edgard Leblanc announced this Tuesday that he will not attend the Council of Ministers meeting on Wednesday, as had been requested by President Jean-Bertrand Aristide.

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The Haitian president declared last Friday he would ask the presidents of the Senate and the Chamber of Deputies to attend the Council of Ministers meeting.

Aristide had noted that the objective of the presence of the parliamentary leaders was to seek a means that would expedite the resolutions voted on for the "national dialogue."

The principal resolution stipulates the extension of the presidential three-year term, corresponding to the 36 months (1991-94) of the Haitian president's exile in the wake of the September 1991 military coup.

Leblanc said his absence in the Council of Ministers meeting is based on the principle of the "separation of powers."

The senate president noted that he never received "a formal invitation" in this respect and he explained that he learned of the president's request "through the press."

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Securities Exchange Reports Drop Following Upward Trend

PA2811122295 Mexico City Radio Red Network in Spanish 0000 GMT 28 Nov 95

[Report by Antonio Guzman in Mexico City; from "The Night Monitor" newscast — live]

[FBIS Translated Text] A slight drop was registered on Monday at the Mexican Securities Exchange following seven consecutive days of an upward trend, while the dollar's exchange rate remains stable.

The leading stock exchange indicator dropped 21.21 points, which is equivalent to 0.82 percent, and it is currently 2,554.78 units, mainly due to a withdrawal of profits. The volume of operations was regular — 73 million of negotiated certificates for an economic income of almost 500 million new pesos. Nine three-stock portfolios were negotiated — 19 reported an increase, 56 reported a decrease, and 18 remained unchanged.

Regarding the exchange rate, the dollar maintains its sale price of 7.70 to 7.90 pesos and its purchase price of 7.10 to 7.50 pesos. However, it is appropriate to mention that Banamex [National Bank of Mexico] continues with its purchase rate of 7.10 pesos for a dollar and its sale rate of 7.90 pesos for a dollar. The latter is in the foreign currency market, while the rest of the banks and foreign currency bureaus sell the dollar for between 7.70 and 7.75 pesos and purchase it for between 7.30 and 7.50 pesos. These last figures represent the average for banks and foreign currency bureaus, except Banamex, as I said. The wholesale price for the dollar closed today at 7.67 pesos, meaning there is no change compared with Friday.

I also report the Bank of Mexico revealed that the accumulated balance in the current account of the country's balance of payments for the third quarter is a small deficit of $199 million. The bank said the figure contrasts with the deficit registered during the same period last year — $21.346 billion. In a communique the bank states that during the third quarter, between July and September, the current account of the country's balance of payments showed a surplus of $502 million. Nevertheless, it says, the accumulated balance as of 30 September is a deficit of $199 million.

'New Federalism' Seen Feeding Dependency

96CA0051A Mexico City LA JORNADA in Spanish 17 Nov 95

[Commentary by Luis Javier Garrido, member of the National Autonomous University of Mexico's Center for Social Research and the National Democratic Convention's National Council of Representatives: "A 'New Federalism'?"; received via Internet]

[FBIS Translated Text] Mexico has not had a true federal system in the 20th century. Moreover, during the transition that we are in, which is not toward democracy but rather toward a different sort of authoritarianism than the one we have known during the 20th century, neither Ernesto Zedillo's administration nor the economic forces dominating the country intend to make federalism a reality in Mexico; what is even more serious, the opposition parties are not proposing to do so either.

1. The official position of moving toward "a new federalism" is first of all a farce, as it assumes that Mexico has already lived under this form of traditional political decentralization and that in an effort to further democratize the country the administration is going to submit proposed constitutional reforms so that Congress can redefine relations between the federal government and the states, when everyone knows that this is not the way things are. The current administration, in spite of its discredit and political and moral weakness, has not ceased to operate in a centralized, authoritarian manner; its only concern is to meet the demands of the IMF and World Bank, and naturally of the government in Washington, to turn the state that emerged from the Mexican Revolution into a state that is functional for neo-liberal policies.

2. The neo-liberal aim is, therefore, very clear. The Mexican State is not supposed to disappear but rather to become subordinate to the monetarist agenda, for which purpose it will remain in place: With its central bank intervening every day in the market to prevent the peso from nose-diving, with the Federal Army harassing the indigenous peoples of Chiapas every day, and with judicial policies consolidating the tactical alliance between Mexican technocrats and drug-trafficking kingpins.

3. For the same reason the neo-liberal agenda for the states of our federation is also clear-cut and cannot be concealed or glossed over because it entails creating de jure and de facto conditions under which the states will remain at the mercy of transnational financial capital. In giving up the nation's control over its basic resources, in abandoning the principle of a guiding state role in the economy, and in giving economic-policy tools to foreigners, in other words, in handing over national sovereignty, it has weakened both the federal legal system and that of the states, but this is not enough for the theoreticians of "globalization." The aim of the "new federalism" agenda is to establish direct mechanisms for the economic dependency of the states of the federation on the centers of transnational financial power, and

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to this end it must conceal the changes (de jure and de facto) that it is imposing through pseudo-federalist rhetoric.

4. The agenda of the U.S. neo-liberals for Mexico does not seek to strengthen the free, autonomous states united in a federal pact but rather to turn them into "states" or entities that will remain as politically dependent as possible on the central government but that will also submit in the economic arena to transnational capital. To this end the Mexican State is shirking its constitutional responsibilities in the area of social rights, handing over the country's basic resources to outside capital, and dismantling the social security system, state housing programs, and public universities. It was with good reason that in 1993 Salinas urged our country to change its current name of the "United Mexican States."

5. The fate that this agenda has in store for the federated states is not real autonomy, which has been the demand throughout this century, but a new form of subjugation and control. Hence, during the dialogues in San Andres and San Cristobal, Zedillo's emissaries to the leaders of the EZLN [Zapatist Army of National Liberation] have been unable to hide the fact that their instructions are not to accept true autonomy for the Indians and not to discuss the national political agenda, which is the key to settling the conflict.

6. For all these reasons, the slogan of "new federalism" is inapt, like the "transition to democracy" or the "reform of the state," because it merely highlights the deceitfulness of the "globalization" policy, which cannot openly set forth its objectives but instead must conceal them behind a series of political promises. For the same reason, it is not to be taken at all seriously either, inasmuch as our current authorities, immersed in the PRI's [Institutional Revolutionary Party] usual practices and in its "unwritten" rules, as in the case of Zedillo, have never had the time to apprise themselves of what the rule of law would be like and thus cannot explain it. In practice, Mexico's authorities every day reveal their ignorance in legal matters, which overlaps with their scorn for the country's constitutional framework, since they claim that (a) the federal legal order stands above the local legal order (which is not true as the two coexist on the same level); (b) the president of the republic can do anything (the fact being that he cannot delegate powers, especially when he does not possess them in the first place); and (c) consequently, federalism can be decreed (or broadened) as an executive branch concession to the states, which is a legal farce.

7. The most pathetic case in this connection is, of course, Ernesto Zedillo. According to many accounts, he begs for help from everyone who visits him in the presidential residence of Los Pinos, whether they are federal officials, businessmen, or state governors, arguing that the burden of the presidency has become very heavy amid the crisis. Not only is he thus further lowering the scant prestige that the presidential sash still enjoys, but he is also showing his ignorance of the country's constitutional framework, which is officially still in place even though the technocrats may not wish to admit it. Vicente Fox of PAN (the governor of Guanajuato), speaking to channel 40 of TELE NOTICIAS on 6 November, related in this regard that at his most recent meeting with Zedillo he found him discouraged by the seriousness of the situation and that, in response to Zedillo's insistent pleas, he had agreed to help share his responsibilities, thus reflecting how ignorant they both are of the legal order and federal character of the Mexican system.

8. For the same reason, the notion of "a new federalism" has a clear implicit meaning: The people spurring the neo-liberal agenda are afraid of the other federalism, the real one, which they claim is the "old federalism," the one that represents another obstacle to the agenda of the transnationals.

9. The neo-liberal discourse is, of course, a sham, but its hocus-pocus language cannot conceal the fact that in the wake of the purported gains come many real setbacks, which are of enormous severity in the economic realm. The rhetoric about "the new federalism" claims that power is going to be decentralized. This is not happening, though, and what we are seeing in practice is the opposite: An ongoing series of authoritarian, regressive measures.

For example, the "federalization" of educational and health-care services announced by Ernesto Zedillo's administration in 1995 is going to mean, in reality, laying off thousands of workers to comply with IMF and World Bank guidelines, inasmuch as the transnationalization of production and commerce requires, above all else, producing at the lowest cost.

10. The country has not lived under a federal system in the 20th century. Therefore, it is dishonest and irresponsible to say, as the government's spokesmen are, that we are moving toward "a new federalism." What Mexico urgently needs to do is to dismantle the PRI "system" and thus to dismantle presidentialism and start living under the rule of law, which in other respects entails the effective operation of the federal system provided for by our Constitution.

Defending the nation ought to be a priority for the opposition parties, but since they cannot or do not want to, it must be an essential goal of civil society.

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Nicaragua

National Assembly Approves Telcor Privatization

PA2811212995 Managua BARRICADA in Spanish 28 Nov 95 p 8

[Report by Edgard Barberena S.]

[FBIS Translated Text] The Nicaraguan Telecommunications and Postal Services [Telcor] privatization bill and the one on Property Stability were totally approved last night by the National Assembly, thus closing in the legislature a chapter that will make Nicaraguan history, because the decision of the parliamentary majority was for some legislators "a bitter but necessary pill."

The final debates on the Property Law began at [number indistinct] this evening. Motions for new articles were raised at that point, but only five were approved and incorporated into the legislation.

One of the new articles not included until then in the consensus document drafted by the heads of the benches states that legitimate beneficiaries of the Agrarian Reform, whose property titles must be canceled with basis on Article 30, must be relocated in fertile Managua Department lands that must be equal in quality and quantity to the relinquished land. This leaves the rights acquired by third parties safeguarded.

Despite the fact that this article was approved with 36 votes in favor, 29 against, and four abstentions, it was questioned by several legislators, including Dr. Danilo Aguirre who in one of his interventions said that people who illegally seized land in what is known as Managua's "half-moon" [medialuna] could somehow deal themselves in and benefit from this.

Before the beginning of the last session (the seventh) on property, there was intense lobbying between deputies and government officials and between bondholders and a group of peasants who spoke with the various bench leaders.

Another article produced and incorporated into the law at the last minute with 56 votes in favor and six against, states that to obtain a certification of allotment, established in Article 4 of the law, the Agrarian Reform Institute must determine if the interested party fulfills the following requirements:

A. Be retirees of either the Army or the Government Ministry or demobilized Nicaraguan resistance personnel.

B. Property must have been assigned by suitable authorities and the possession of land must be exercised peacefully.

Another motion that passed the vote-test was that presented by Deputy Dora Maria Tellez. It is established that penal and civil actions envisaged at the end of the law, in paragraph two, Article 9, "will not apply when state officials and public notaries have signed or authorized rent contracts that include purchase options based on presidential agreements or decrees."

For reverting social clubs to their legal owners or representatives, which is envisaged in another of the articles incorporated to the Property Law, if physical edifices have been improved, the executive branch has the obligation to determine the cost of the improvement and the ways and forms to pay for them. This proposal was also made by Dora Maria Tellez, head of the Sandinist Renewal Movement bench, and it was approved with 48 votes in favor, four against, and five abstentions.

In the cases of the urban lots transferred based on Law 86, the property deed to be granted by the urban deeds office or the corresponding office, cannot exceed 1,000 square yards of usable land. This is established in an article presented by Deputy Ivan Salvador Madriz, which was approved with 41 votes in favor.

Before 2230, once the discussions of the Property Law had concluded, Parliament President Luis Humberto Guzman automatically passed on to the discussion of the bill for the privatization of Telcor. That bill's last four articles, which had been pending discussion, were put up for the vote. They were approved by the plenary sessions, and both bills are now ready to be sent to President Violeta Chamorro so that she may approve them and order that they be published so they go into effect.

Parliamentary debate will continue today with the Electoral Law discussions. The deputies have approved only 40 percent of this law, which has 200 articles.

Labor Ministry Declares Telcor Workers' Strike Illegal

PA2811220795 Managua EL NUEVO DIARIO in Spanish 28 Nov 95 pp 1, 8

[Report by Moises Castillo Zeas]

[FBIS Translated Text] On Monday afternoon, the Labor Ministry (MITRAB) declared the Telcor [Nicaraguan Telecommunications and Postal Services Institute] strike illegal. The strike was in its eighth day throughout the country while protest demonstrations from various sectors have increased. This could lead to a spiral of unpredictable violence in the next few days.

Meanwhile, the Federation of Energy Workers' Unions (FESTEN), the union of the cement company, transportation workers, and other organized forces in the

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country, met last night at the Sandinist Workers Federation [CST] headquarters to agree on the course of action that the telecommunications workers' strike will take in the next few days.

Telcor Minister-Director Rolando Rivas and Mario Malespin, general secretary of the "Enrique Schmidt Cuadra" Federation, were notified of the resolution yesterday afternoon. The resolution stated: "The strike promoted by a group of Telcor workers is hereby declared legally nonexistent and illicit."

Telecommunications workers received the news declaring their strike illegal by detonating homemade bombs and mortars at 18 Telcor branches and shops in Managua.

Carlos Olivas, a federation leader, said that the announcement "was expected because we are aware that Labor Minister Francisco Rosales (Chicon), has never declared a workers' strike legal in the five years of this government."

Olivas said that they will continue to protest civically and that the fact that the Labor Ministry declared the strike illegal "does not mean that we are going to suspend the strike, because, after all, all the government wants is to repress us through public force."

Protests Increase

Early on Monday, various union members began to burn tires and to stop traffic in several places throughout Managua, to create awareness among citizens about the consequences of the privatization of Telcor and the energy sector, union leaders noted.

On Monday morning, big banners were displayed on the northern and southern highways, as well as in other public places in the city where Telcor workers and demonstrators from various neighborhoods chanted slogans against the privatization of that institute.

Police vigilance was increased at the Telcor offices in the afternoon hour following the announcement of the Labor Ministry resolution declaring the strike illegal, a declaration that also includes Leon, Chinandega, Masaya, Granada, Ocotal, Somoto, Juigalpa, Boaco, Matagalpa, and Jinotega.

Manuel Arguello, leader of the Telcor-Portezuelo union, said that the demonstration is being staged outside their offices and accused top Telcor officials of provoking the strikers: "They want to hire replacements for us, and we will not allow that," he emphasized.

Outside the "Jorge Navarro" Building, workers continued protesting while they listened to marches and radio stations to remain informed about the progress of the protest.

At the Altamira branch, dozens of employees are working while others stand outside chanting slogans and painting graffiti on the walls of the building where one can read: "Criminal government; Pereira you're a thief..."

In addition, the workers began to distribute some 30,000 leaflets urging the people to join the strike, while various FESTEN members continued burning tires at ENEL's [Nicaraguan Electricity Enterprise] main office, the Managua plant, and other places of the capital.

Cement Company Joins the Strike

On Monday, hundreds of workers and administrative personnel of the cement company began to join the sit-down strike to support Telcor workers and demand that the government not privatize that work center.

The organizations that have joined the strike by the telecommunications workers include the National Agrarian Commission, the truckers, the residents of Districts No. 3 and No. 4, and different federations affiliated with the CST [Sandinist Workers Federation].

Marvin Villavicencio, who works in Portezuelo, angrily said that the administration of Telcor seeks to crush the workers by starving them, because the wages for the current month were cut, and there were workers who did not receive adequate pay from the company.

Police Should Not Interfere

The union members of the telecommunications company stated that the police have no reason to interfere in the various branches of that organization, where the workers are protesting to prevent the privatization of that state-run company.

"We have confidence the police will act prudently and will not interfere in the places where we are staging our protests for the government not to privatize 'a national patrimony,'" the movement's leaders remarked.

Chamorro, Finance Minister View Strike

PA2811214595 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 28 Nov 95

[From the "National Newscast"; passages within quotation marks recorded]

[FBIS Translated Text] The Labor Ministry has declared nonexistent and illegal the strike of the telecommunications workers.

[President Violeta Chamorro] "My position is to tell all Nicaraguans to stop these strikes. Let us make

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the country work. Let us walk together. Privatization was something necessary. This is why the Assembly discussed and approved it. We must get used to a new way of life.

[Unidentified reporter] "Workers say they expect you to veto some articles of the law that privatizes Telcor [Nicaraguan Telecommunications and Postal Services].

[Chamorro] "That remains to be seen. I wanted the bill to be approved, and it has been approved. Since I wanted it to be approved, I do not think I would veto any of its articles."

[Reporter] Finance Minister Emilio Pereira said that talks with union leaders and some of their most prominent political leaders continue to be held so this strike can be conducted peacefully.

[Pereira] "We are concerned over the violent actions on Friday, when state—owned vehicles and properties were attacked with sticks and rocks. Of course, this cannot be permitted. With the support [words indistinct] state-owned property."

[Reporter] As the result of the strike, approximately five tons of letters are estimated to have accumulated in the Managua International Airport over the past six days. Pereira said that a solution must be found in the postal service because the enterprise faces budget problems.

[Pereira] "Regarding labor stability, I think there is a good chance of a solution, because the committee that would prequalify was adjusted to give a representative of the workers an opportunity. With him in the committee, we can make sure that the workers' stability and investments are guaranteed when we examine the bids. I think that plenty can be done with the workers but naturally we need to have them in the committee."

[Reporter] The striking energy workers detonated homemade bombs and burned tires on the streets. This strike has been prompted by the signing of a collective agreement and the non-privatization of the commercial sector, which should be privatized 100 percent in January. Another problem exists in this sector, however. It is the recovery of the finance portfolio.

[Pereira] "What we have discussed is offering technical assistance so the commercial sector, just like banks, can improve the rate of collection. We cannot permit people not to pay their obligations. The idea is to have a better administration."

[Reporter] Workers continue on strike in the most sensitive areas, such as receivable invoices, that is to say, the enterprises' revenue.

Panama

President Discusses 'Third Independence' on 1 Jan 2000

PA2811194995 Panama City TVN Television Network in Spanish 1700 GMT 28 Nov 95

[Speech by President Ernesto Perez Balladares at Boquete on 28 November, on the occasion of the Independence Day celebrations; From the "Midday News" newscast — recorded]

[FBIS Translated Text] During the few months of our administration, the government has been able to establish legal reforms that guarantee the modernization of the state's structures, education, and economic and labor relations.

The fact that such significant changes have taken place in a matter of months, without altering the political stability and strictly respecting all freedoms and the system of democratic government, is a reward that not even our most strident adversaries could ignore without making fools of themselves before those who with impartiality appreciate the conduct of this government and what it has achieved.

The truth of the matter is that the goals of this administration are very clear. From day one, I told the country that any understanding or agreement reached with the United States regarding a U.S. military presence beyond the year 2000 would depend on the substantial benefits to be received in exchange. Everyone knows that the two governments have suspended the scheduled exploratory talks on this topic. That decision must be understood, in our case, in the sense that Panama is in no hurry to negotiate this type of agreement with the United States if, in effect, there are no tangible and well-defined benefits for the Republic. [applause]

It also means that we do not believe that the withdrawal of U.S. troops from Panama in the year 2000 means a national disaster and that our economy will sink. The truth is that Panama, despite its problems, has a good future, and all we need to know is how to make the best of it.

I know of no other country with our characteristics that could have enriched its national estate and its resources with the incorporation of something similar to what the reverted areas and areas still to be reverted represent to Panama and the control and administration of the waterway.

It will be up to us, our dedication and enthusiasm, the effort and optimism with which we will face the challenges of our destiny, and in the end, in addition

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to 28 and 3 November, we will celebrate our third independence on 1 January 2000.

Authorities List Reverted Areas in National Public Registry

PA2711181295 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Nov 95

[Report by Alexander Calderon; from the "RPC Television News" newscast]

[FBIS Translated Text] Reverted areas have been entered into the National Public Registry for the first time in history. More than 150,000 hectares of land and property that were once part of the old Canal Zone were recently registered as Panamanian property:

[Begin recording] [President Ernesto Perez Balladares] It is also important to note that we have started to catch up on the task at hand, to practice responsible administration of the Canal and reap the expected benefits from the judicious use of the areas that have reverted to Panamanian jurisdiction via the Torrijos-Carter Treaties.

The new Interoceanic Region Authority [ARI] offices were also opened at the National Public Registry:

[ARI Administrator Nicolas Ardito Barletta] We are demonstrating order and transparency in the methods that we use so that everything to be done with the reverted properties — including economic, social, and development activities — can be properly recorded under Panamanian law. All this should instill the necessary confidence in investors and all Panamanians that these properties will be managed according to law. [end recording]

Ardito Barletta also said that the first Taiwanese enterprises that will be part of an industrial park will be built midway through next year. The park will be built on Ft. Davis, in which consortiums from Panama and other countries will have an opportunity to invest.

Eisenmann Article Views Canal Administration

PA2211155295 Panama City LA PRENSA in Spanish 21 Nov 95 p 28A

[Article by I. Roberto Eisenmann Jr.: "The Canal Administrator"]

[FBIS Translated Text] The resignation of Gilberto (Cholo) Guardia as canal administrator has created anguish among us Panamanians.

Even though there might be no relations, it is still the third high ranking official who decides to resign in such a short period of time. First it was Raymond Laverty (deputy administrator) and Michael Rhode (secretary general), and now Guardia resigns. The first two were replaced by two U.S. Army colonels both of which belong to the inner circle of military officer Joe Reeder, president of the Canal Board of Directors. These two Army officers are Col. Joseph Comelison who was appointed as deputy administrator, and Col. John Mills, appointed as Canal Commission secretary.

Guardia had pointed out his unwillingness to continue in the position beyond the year 2000, and that he believed it would preferable to leave prior to the end of his term so that the new administrator could be solidly entrenched in the position before 31 December 1999, so that the transition scheduled to take place on that day would be imperceptible to canal users. This is quite an impressively responsible and foresighted position, very typical and representative of an outstanding individual such as Gilberto Guardia.

Nevertheless, the country still feels that there must have been something else... some type of detonator which together with the same logical reasons expressed prompted the decision to take place at this time and not later. Since our experience always leads us to believe that the Americans are not too inclined to make any mistakes, and that at the same time we, by nature, tend to lack any faith in our own capabilities, most Panamanians speculate that there was some kind of problem... and that by logic, it was with the Perez Balladares administration.

Contrary to the opinion held by the majority, my gut feeling tells the opposite: At a time when logic would point to the need to gradually make the canal administration more Panamanian and demilitarized, I feel that there is a trend in the opposite direction to Americanize and militarize the canal administration. Currently, with Gilberto Guardia unfortunately as a "lame duck" [previous words in English] (term used in English to describe the loss of authority by an official who is about to resign) administrator, the canal will more and more be managed and controlled by U.S. officer Reeder and his contingent of colonels (for now, only the recently appointed deputy administrator and secretary general). Even though this strategy is more a result of Reeder's personality than a political decision by the U.S. Government, that still does not make it any less dangerous. Just to mention one example of the kind of mistake this situation can cause, I have heard around there that this U.S. management with military bearing has just ordered a comparative evaluation of wages in Panama and the Canal Commission which could result in a morale crisis of severe consequences among Canal Commission personnel (average salary at the Canal Commission is $2,090.13 and this is the way it should remain). Panama's aspirations should

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not be to cut wages in the canal to the same levels throughout the country, but to raise levels throughout the country to that of the canal. Our aspirations should always be that of a first world country, but either way, this is a problem that concerns us Panamanians. In addition, this should be a question and a position to be adopted solely by civilian administrators; soldiers are used to organizations where the only option subordinate officers have is to obey without questioning, they are not interested in the pettiness of civilian life.

If my instincts about where the problem lies is correct, the situation could well be quite serious. Let us hope to God that I am mistaken!

At any rate, the enormous responsibility of appointing a new administrator now falls on our president, considering everything that surrounds the country and the canal. I asked a respected canal official about the profile of the ideal candidate to occupy the position of administrator. Grading the candidate on a scale from 1 to 10 he said: Being an engineer gives a rating of 5; ethics and morality, 10; personnel management ability, 10; canal management experience, 2; proficiency in English and universal outlook, 10; family stability, 8; non-partisanship, 10; independence, 10; support from the president and the Panamanian government, 10; age, neither too young or too old, (commitment to occupy the position for 10 years). The president must search for an individual among candidates who is respected by the public and who at the same time will be able to receive his trust and support. This presidential support, so vital for the new administrator's efficiency, eliminates several candidates whose names have been mentioned in different circles such as, for instance, the author of this article.

Another problem that must be considered is that, after being nominated by Panama, the new administrator must be nominated by the president of the United States and ratified by the U.S. Senate. And the U.S. Senate committee responsible is presided by Senator Jesse Helms, President Clinton's political adversary. Senator Helms — a Republican conservative — was a staunch opposer of the canal treaties, but it should also be kept in mind that he was also the first U.S. Government official who blew the whistle with respect to Noriega's excesses and who, in order for his campaign to be more effective, led an alliance between conservative Republicans and liberal Democrats such as Kerry and Kennedy. Thus, Helms was instrumental in the return of democracy to Panama. Nevertheless, on account of internal politics, Helms on occasion has also been known to "shelve" appointments just as he did with the appointment of the new ambassador to Panama for two years. Even though Guardia has said that he is prepared to stay until his replacement is appointed, obviously, this offer cannot be for an indefinite period of time. If Guardia has to leave before his replacement is ratified by the U.S. Senate, we could well get close to the year 2000 with the canal administration under U.S. hands (the deputy administrator) in other words, we would be walking backwards like crabs [caminando para atras como el cangrejo].

The appointment of a new canal administrator must be dealt with by the president of Panama as soon as possible. At the same time this nomination must continue to be supervised by the Panamanian Embassy in Washington since it has the potential to become tangled up on the U.S. side, thus creating an unexpected and unnecessary crisis, very costly for both nations... but much more to Panama since the country would be at a very vulnerable moment since we would be about to begin our eagerly sought management of the Panama Canal. The management of the canal and the reverted areas are our major opportunity to leap into the first world and, at the same time, a tremendous risk with the potential to jeopardize our nation's future viability.

Taiwan To Manage Processing Plant Zone in Ft. Davis

PA2511010295 Panama City EL PANAMA AMERICA in Spanish 23 Nov 95 p 1A

[Report by Bienvenido Mojica]

[FBIS Translated Text] According to a Taiwan Economy Ministry report, an administrative corporation, which includes Taiwan and Panama, will manage the cooperative development projects that are to be installed in the reverted areas of Fort Davis.

The mentioned corporation will be called the Sino-Panama Development Corporation and will be located in Fort Davis, which is the place where Taiwanese investors will install assembly plant and export their products.

Sino-Panama Development Corp. will initiate operations with a capital disbursement of $1 million and each part (Taiwan and Panama) will have a participation of 50 percent. However, the administrative director of the joint venture will be Taiwanese.

Information from the International Economic Corporation Development Fund [Fondo para el Desarrollo Coporacion Economica Internacional], an agency affiliated to the Economy Ministry, disclosed that Taiwan's partner in the Sino-Panama Corporation will be the Corporation for Overseas Investments and Development (ODIC)

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[Corporacion para las inversiones y el desarrolo en Ultramar] and that they expect to start working in January 1996.

According to Mo Tun, the general manager of the preparatory committee of the ODIC, the assembly plant zone will cover an area of 100 hectares and will be located 80 km from Panama City.

The investors expect to transfer their production lines to Fort Davis next May.

Tun recently said the corporation's partners included the Taiwan International Commerce Bank, the Taiwan Petroleum Corporation, and private companies.

Panamanian officials are internationally promoting the country as an ideal investment site.

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Argentina

Further Reportage on Visit by Paraguayan President

Joint Effort on Drugs, Terrorism Urged

PY2811173495 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2332 GMT 27 Nov 95

[FBIS Translated Text] Buenos Aires, 27 Nov (NA) — Addressing a group of Argentine lawmakers today, Paraguayan President Juan Carlos Wasmosy proposed the creation of supranational bodies which, within the framework of Mercosur [Common Market of the South], will be in charge of "combating crime" in border areas.

To that effect, the Paraguayan head of state suggested enacting laws "geared to establishing joint organizations and courts charged with trying possible crimes or scourges like drugs or drug trafficking."

Wasmosy made these remarks during a visit he made this afternoon to the Senate, where he was received by Vice President Carlos Ruckauf; Eduardo Menem, the chairman of the Senate Foreign Relations Committee; and Florencio Acenolaza, the chairman of the Foreign Relations Committee of the Chamber of Deputies.

The Paraguayan president went to Congress accompanied by members of his cabinet, congressmen, and the commanders of the Armed Forces of his country, including the influential Army commander, General Lino Oviedo.

Senators Alfredo Avelin, Luis Rubeo, Omar Vaquir, Jose Antonio Romero Feris, Ramon Aguirre Lanari, Ricardo Branda, and Ana Pena de Lopez and Justicialist Party Deputy Cesar Arias were among the Argentine congressmen attending the meeting with the Paraguayan head of state.

During a news conference following the meeting, Wasmosy pointed out that the central subjects of his visit "have to do with money laundering, drug addiction, and the problems incident to a budding integration process that we must consolidate."

Wasmosy acknowledged the necessity of taking measures to prevent terrorist actions in this region. Nevertheless, he said these measures "cannot be taken unilaterally and should be implemented as a global strategy by the three countries sharing borders."

In this regard, Wasmosy indicated that Argentina, Paraguay, and Brazil "should take over specific duties in order to eradicate unwelcome people."

Wasmosy expressed the hope that, following talks with congressmen, executive branch representatives, and members of the Argentine courts, "it will be possible to achieve formulas to eradicate these evils."

Asked if his government had any information on possible terrorist activities in Paraguay, the Paraguayan president avoided a clear-cut response. He said: "There are terrorists everywhere, and this can be confirmed by going to Europe, Asia, or Africa. This type of crime exists, just as corruption does. The problem lies in having the required means to combat them by implementing a joint strategy."

Wasmosy pointed out a case involving an arms cache discovered in the town of Iguazu "of which the Argentine Foreign Ministry was unaware."

The Paraguayan president pointed out: "Criminals do not have a specific nationality. They always seek weak spots."

Asked about Argentina's goal of privatizing the Yacyreta dam, Wasmosy pointed out the necessity of seeking a "third party" to finish the project, which "will bring more well-being, more energy, and especially more development for this region."

The Paraguayan president emphasized: "We, as fraternal countries, cannot be reluctant in our efforts to finish a project that will bring progress. Therefore, we have signed a preliminary agreement and sent it to Congress."

Presidents Comment on Agreements

PY2911022995 Buenos Aires TELAM in Spanish 1845 GMT 28 Nov 95

[FBIS Translated Text] Buenos Aires, 28 Nov (TELAM) — Argentine President Carlos Menem and Paraguayan President Juan Carlos Wasmosy considered today that the transformation processes their countries underwent were of paramount importance to undertake a bilateral and regional integration process.

Menem contended that the state overhaul "has enabled us to discuss subjects like the future of Yacyreta [hydroelectric power plant] and the real possibility of building Corpus dam."

Having reiterated that the common ground between the two countries has to do with "their total respect for public and private international law, the Argentine head of state added: "These agreements are at an advanced stage on the drawing board and will soon become a reality."

The Argentine president made these remarks at the conference room of the Olivos presidential residence following the signature of bilateral agreements with his Paraguayan counterpart.

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Menem reported: "We have reached an agreement to resolutely and courageously combat criminal organizations operating in some regions of our countries," particularly in the common border area.

The head of state pointed out that those criminal organizations constitute veritable "mafias that have installed themselves" in our countries, adding that "we have committed ourselves to rout them, to wipe them out if possible." He particularly mentioned drug trafficking, smuggling, and terrorism, "which are scourges ravaging our communities."

Menem further stated that "there are those who intend to prove that there is a sort of incompatibility between a streamlined state and free market, between a social market economy and a state which in some people's view should exert control over the development of our economic possibilities."

Referring to the problems caused in both countries by policies advocating state intervention, the Argentine president declared that both Paraguay and Argentina have "experience in this — our countries nearly went to rack and ruin — and we are now trying to put things to right."

Menem added: "On the basis of the reforms we have instituted, we are trying to transplant political liberties to the field of economics and we are obtaining important and excellent results."

Menem praised the "growth" undergone by Paraguay "and the fact of having achieved stability, which has enabled us to sign, on an equal footing, agreements like the ones we are signing today."

The head of state recalled that Argentina "overcame a critical situation in which corruption and chaos reigned supreme." He emphasized that the solution to these problems was achieved, among other things, just by "privatizing government-owned enterprises, something which was instrumental in dismantling a permissive system utterly devoid of moral and ethics."

After having dwelt on the establishment of a free trade zone in the Americas by the year 2000, Menem gave the floor to his Paraguayan colleague, who underscored the vocation for integration constantly professed by Paraguay and Argentina.

Wasmosy noted that "Argentina and Paraguay nowadays try to live up to" that zeal for integration adding that "we are not proclaiming a brotherhood that can be denied in the twinkling of an eye because the traditional solidarity of our peoples is also translated in the actions performed by their rulers."

The Paraguayan president acknowledged that relations between both countries "are not without interests." He nonetheless pointed out that "our responsibility is to harmonize those interests, making them compatible instead of antagonizing them."

In a clear reference to Mercosur [Common Market of the South], Wasmosy argued that "integration is above all a duty we have vis-a- vis the nations we, the four member-countries, represent."

The Paraguayan head of state conceded that "when we fail or hamper this integration process, we are betraying the responsibility assumed with our own peoples and with other nations with which we signed agreements."

The Paraguayan president was of the opinion that "this consideration is not always taken into account and sometimes we act as if the interests of our peoples were diametrically opposed or superposed." Yet, he assured that "fortunately, this is not the experience we share between Argentines and Paraguayans."

Wasmosy, who came on a state visit to Argentina yesterday, arrived at 1120 local time at the Olivos presidential residence to have a second working meeting with President Menem.

Following the meeting, Menem and Wasmosy went to the conference room accompanied by their respective foreign ministers, Guido Di Tella and Luis Maria Ramirez Boettner, to sign four agreements, an additional protocol to the health agreement on the border area, and a joint declaration.

Subsequently, the two heads of state delivered a speech in which they highlighted the implications of Wasmosy's state visit, which takes place within the framework of the bilateral and regional integration process.

Present at the ceremony, were, among others: Supreme Court Chief Justice Julio Nazareno; Alberto Kohan, secretary general of the Presidency; Nestor Ahuad, the Argentine ambassador to Paraguay; Gustavo Diaz de Viva, the Paraguayan ambassador to Argentina; and government officials from both countries.

Joint Declaration Issued

PY2911003695 Buenos Aires TELAM in Spanish 1910 GMT 28 Nov 95

[FBIS Translated Text] Buenos Aires, 28 Nov (TELAM) — Argentine President Carlos Menem and his Paraguayan counterpart Juan Carlos Wasmosy agreed today to give a fresh impetus to bilateral integration, particularly in the domain of migration and culture.

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The two heads of state underscored the significant progress made in the region as regards the consolidation of democracy, respect for human rights, and economic integration. They considered that this positive turn of events has given rise to a favorable climate of unity in the Americas.

Menem and Wasmosy made these remarks in a joint declaration issued at the Olivos presidential residence today within the framework of the two-day state visit Wasmosy is making to Argentina.

During the signing ceremony, Argentine Foreign Minister Guido Di Tella and Paraguayan Foreign Minister Luis Ramirez Boettner signed five agreements on physical integration, public health, cooperation between security forces, and cooperation in judicial and criminal matters.

The Paraguayan and Argentine presidents reasserted their commitment to give "fresh impetus" to several subjects pertaining to bilateral relations, including tasks undertaken by the two countries' Joint Commissions on Political Coordination and Integration, on Migratory Affairs, and on Cultural Affairs.

The joint declaration also stresses the importance of the recent joint communique issued by the Argentine, Brazilian, and Paraguayan foreign ministers in San Carlos de Bariloche on 16 October in which the three ministers agreed to coordinate actions to check illegal activities and build up security in the border area between the three countries.

Moreover, the declaration signed by Menem and Wasmosy underlines the importance of the establishment of a Joint Technical Task Force in charge of the coordination of and followup to all projects on physical integration between both countries.

The two heads of state were of one mind about the need to "make strides in the drafting of a framework agreement on the preservation of ichthyological resources" in the Parana and Paraguay Rivers and in negotiations of another agreement on the elimination of double taxation in the sphere of international transportation in all its modalities.

Furthermore, Menem and Wasmosy emphasized the "significant progress" recorded in the hemisphere in human rights and economic integration, which has generated a "new and auspicious climate of unity among all the nations of the Americas. [no closing quotation marks as received]

The two presidents also pledged to making every endeavor to exploit, for the benefit of their peoples, the "promising possibilities arising from the momentous transformations effected in both countries by further enhancing cooperation and broadening spaces for bilateral complementation and integration."

The agreements signed by Di Tella and Ramirez Boettner have to do with the establishment of a joint technical task force in order to go ahead with all projects on physical integration and the streamlining of border controls, and with a cooperation agreement between the Argentine National Border Police and the Paraguayan National Police.

The Argentine and Paraguayan foreign ministers signed an additional protocol to the health agreement on the border area between the two countries and a technical cooperation agreement between the Argentine and Paraguayan Governments on international judicial matters.

Additionally, Di Tella and Ramirez Boettner signed an agreement on the transfer of convicted criminals for serving their sentence.

Agreement on Fishing Volume Reached With UK

PY2811172795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1239 GMT 28 Nov 95

[FBIS Translated Text] Buenos Aires, 28 Nov (NA) — National Fishing Director Fernando Georgiadis reported in Buenos Aires today that Argentina and the United Kingdom have agreed not to increase the squid fishing volume in the maritime zone south of latitude 45 and around the Malvinas Islands in 1996.

The agreement also involves not increasing the number of ships operating in that zone and meets the necessity of soundly exploiting fishing resources to prevent depredation.

Georgiadis reported that he had met a delegation of British negotiators 10 days ago, and reached an agreement that the measures taken are aimed at protecting this species, which is highly profitable on the international market.

The national fishing director also explained that during 1994, 200,000 tonnes of squid were caught off shore. The United Kingdom caught 63,700 tonnes of squid, Argentina caught 59,000 tonnes, and ships flying other flags caught the remainder.

Georgiadis pointed out: "The negotiations with the United Kingdom are developing gradually, as they are part of a more important framework that goes beyond fishing, involving the negotiations over the Malvinas Islands."

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Appellate Judge Vazquez Named Supreme Court Justice

PY2811194995 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1638 GMT 28 Nov 95

[FBIS Translated Text] The Justice Ministry confirmed at noon that Appellate Judge Adolfo Vazquez has accepted the government's offer to replace Associate Justice Ricardo Levene (Jr.) who resigned from the Supreme Court.

Vazquez is a member of the Federal Court of Civil and Commercial Appeals. He received the proposal from Justice Minister Rodolfo Barra this morning after Hector Masnatta — who is in Madrid attending a seminar — declined to fill the vacancy left by Justice Levene.

Vazquez, 57, is professor of administrative law, government, and administration.

He was appointed a judge of Civil Court No. 33 in 1984 with the consent of the Senate. In 1989 he was promoted to the Court of Appeals, where he currently discharges his duties at the Third Division.

Interior Minister's Lipothymia 'Not Serious'

PY2811154895 Buenos Aires TELAM in Spanish 1354 GMT 28 Nov 95

[FBIS Translated Text] Buenos Aires, 28 Nov (NA) — Interior Minister Carlos Corach has been admitted to the Fleni Institute's intensive care unit "for precautionary reasons," as his condition is not serious, a doctor who is treating him pointed out this morning.

After the "lipothymia" that he suffered while having breakfast in his house, Corach "is feeling fine," the doctor said. He explained that the tests and computed tomography taken on Corach yielded "normal results."

Menem-Cavallo Reconciliation, Political Scene Viewed

96SM0018A Buenos Aires CLARIN in Spanish 12 Nov 95 pp 18-19

[Commentary by Eduardo Van der Kooy: "Camping Out Until Things Clear Up"]

[FBIS Translated Text] Abundant signals were given.

Carlos Menem called on the Senate to pass a pair of bills that the economy minister had asked for, including one that declared stocks and bonds registered securities.

In the Chamber of Deputies, Jorge Matzkin unexpectedly expedited a report promoting the privatization of nuclear power plants, with which Domingo Cavallo intends to plug some of the holes in the convertibility plan.

Eduardo Bauza condemned, but did not deny, an effort that came out of Menem's circle to replace Cavallo: "There is no chance of that happening," said the cabinet chief.

The minister was tolerant and generous as seldom before. He did not say a word, for example, about the confidential mission that sought to woo Roberto Alemann again. He chose to let a judge's decision to prosecute the director of the post office, Haroldo Grisanti, slide without saying anything strident.

He declined to take part in political meetings in the capital, attended by Gustavo Beliz, to counter the reactions that the Menem hawks were surely preparing.

The signs from both sides should not be misinterpreted. There is no romance in the offing between the president and his minister, not even a reconciliation enthusiastic enough to suggest an indefinite relationship.

Menem and Cavallo simply seem to have become aware that the horizon is fraught with danger and that their repeated feuding could leave the administration at the mercy of the elements.

They were persuaded by more than just the mounting economic troubles. The political scene does not resemble the one in May much either, when the president won reelection by a landslide.

It behooves them to take things step by step. Officialdom's nerves were jarred by another bad week in Mexico (there was a run on the peso, which finished down eight percent), yet there was no ripple effect as from the December crash. That was a relief, because political and economic conditions in Argentina are very different now from what they were back then.

The crisis at the close of last year found the administration engaged in an election campaign in which everyone was pulling in the same direction. It was simple: if Menem did not win, the presidential aspirations of Eduardo Duhalde and Cavallo in 1999 would automatically collapse as well.

A merciless succession battle broke out as soon as the president renewed his lease on the Casa Rosada for another four years.

Back then the minister had a leading role in confronting the crisis, which must have had some influence on the collective mind-set when the time to vote came. Never had there been such harmony between the Menem faction and Cavallo as in those fateful days.

The peace was shattered the very same week that the president was reelected.

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From December to now the administration has succeeded in halting the financial stampede prompted by the Mexican debacle, but its efforts have not offset the broad and steady deterioration of the economic and social situation.

It was learned just after the victory in May that unemployment had climbed to 18.6 percent. And the trend seems to have hardened, regardless of the unenthusiastically optimistic predictions of Menem and Cavallo.

The General Confederation of Labor (CGT) still has interim estimates placing joblessness as high as 20 percent. Even the experts at the National Institute of Statistics and Census (INDEC) are guessing at what is actually hidden behind the predictions of the president and his minister.

Something is happening: the unemployment figures are compiled in accordance with the ups and downs in the demand for work. This demand may have actually declined slightly, the primary explanation being that people are tired of looking for jobs that they are not finding.

Social conflicts in the provinces also worsened again after the May elections and are on the verge of setting a single-year record since the convertibility plan took effect in the summer of 1991.

There is no promise of relief. The new cycle of austerity under the economic program agreed upon with the International Monetary Fund will be shouldered by the provinces. The first moves sounded a warning: wage cuts, or else delays in paying them, have been the driving force behind the social disturbances in the interior.

The very issue has put the passage of next year's budget on ice; one of its articles calls for a civil service wage cut of some 15 percent.

The Economy Minister never suspected how much resistance such a measure could prompt. Officials from the executive branch, and the judiciary as well, often visit Congress to suggest to lawmakers that they block or amend the proposed 1996 budget.

Certain structural aspects of the convertibility plan seem to have worsened since December. There is no longer any relationship between the aggressive tax-collection policy designed by the Economy Ministry and its results. There is no way to bridge the fiscal gap and to comply with the agreements with international organizations.

One fact that the Cavallo team has not altogether accepted is becoming apparent: the prolonged recession seems to be an insurmountable barrier to this fiscal policy, even seemingly impervious to guile and threat.

The supporting evidence? The administration mounted a huge and expensive publicity campaign promoting the virtues and consequences of the moratorium, yet spontaneous filings so far remain 23 percent below the Economy Ministry's forecasts.

Perhaps this explains Cavallo's determination to seek cures that are worse than the disease. Asking all companies that owe taxes and do not make use of the moratorium to declare bankruptcy or the plan, later discarded, to place travel restrictions on tax delinquents would not only worsen the mood in society but could even hurt the economy.

The gesture actually disguised a much more modest goal: to intimidate more people into paying what they owe in taxes.

Any overall description seems too narrow alongside the words that the pope uttered yesterday to Argentine bishops at the Vatican. He spoke of the "grave unemployment situation" and called for "reforms with a human and moral foundation." He ventured further, perhaps unexpectedly, into an area that is very painful for the administration, mentioning "corruption and its impunity" as causes of social disintegration in the country.

The political panorama does not seem altogether bright for the administration either, as indeed it did right after May. The first clouds began appearing in the wake of the infighting and lasted until early October, as the Front's resounding victory in the senatorial election and the ruling party's disaster combined to alter the climate.

Had this not happened, the administration would probably have been better able to resist pressure from the opposition. Last week showed as much. The highest echelon of the administration encouraged the Senate to pass the bill declaring the capital autonomous, and Menem had to pledge to Fernando de la Rua that he would set a date for the elections of councilmen and the mayor.

The issue is causing the ruling party more than a few problems. The October defeat left the feeling that a victory in the capital has become a mission impossible. But before it gets used to living alongside an alien government in the district perhaps, it will have to get through the rough times of its own nominations, which could revive the infighting that has barely been contained.

We need only recall certain names to understand why. Menem's political team (Bauza and Carlos Corach) has consistently supported Jorge Dominguez; Cavallo still backs Beliz.

The defeat in October brought other changes that the administration is also getting wind of. The Radical Civic

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Union (UCR) has started deciding on a successor to Raul Alfonsin.

Everything seemed to be on schedule for a changeover without surprises. Even in the midst of serious difficulties, Eduardo Angeloz was emerging as the sure-fire candidate with deep roots in the Alfonsin faction. Then, a fresh electoral defeat and the former governor's misfortunes, even after he left power, unexpectedly changed the course of the succession process.

The first sign was a split in the Alfonsin faction prompted by Leopoldo Moreau, who along with Federico Storani proposed a future collective leadership. This spelled the beginning of the end for Angeloz.

Immediately thereafter came the abdication of the former governor, which had two simultaneous effects. The network of intraparty solidarity that Alfonsin and Angeloz had developed unraveled only in part, and the candidacy of Rodolfo Terragno began taking shape.

This deputy does not appear in the album of long-standing UCR members (he joined the party in 1987) and is prone to autonomous decisionmaking. For example, neither the Alfonsin backers nor the Angeloz people were too tolerant of his flirting with the Front before the election campaign heated up.

What had to happen then happened: the mayor of San Isidro, Melchor Posse, began speaking out against Terragno, backed by the leaders who take orders from the former president and the former governor.

Either could be the future UCR helmsman, but nothing will release them from certain constraints in steering the ship that Alfonsin devised (and that everyone seconded). There will be a political action committee in which all segments of the party will be represented; its job will be to propose courses of action to the National Committee.

There will be a shadow cabinet and another body that will bring together the presidents of the legislative blocs, the cabinet chief, and the coordinator of the political action committee.

Behind this tangle of institutions Alfonsin will presumably endeavor to become involved. The former president has still not decided to take a break or retire. He will write a five-volume work on the reform of the state and the new Constitution and will gradually clear the way for another assault on the UCR summit in late 1997.

Until then the administration will be looking at a question mark in its relations with the opposition. Although Melchor Posse is backed by the party's traditional factions, his possible nomination would not seem to offer the administration any guarantees, as the mayor has a history of taking the most unexpected political stands.

There are two views on Terragno. Some assume that his rise could link the UCR to the Front and thus paralyze any further broadening of the coalition. Others fear that he will strengthen the opposition and that, with the UCR as a hub, a government alternative for 1999 will wind up being consolidated.

The Front is also doing its share to heighten uncertainty in the administration. It has joined the march that the dissident unions (Argentine Workers Congress-Argentine Workers Movement) will stage on the 20th to protest economic and social policy, including a demand for elections to make Buenos Aires' autonomy official.

It is preparing a party congress, to which the new UCR leadership, among other people, will be invited. Chacho Alvarez, Jose Bordon, Terragno or Posse, and perhaps Storani would share the stage there.

The future projection of such a partnership is another source of anxiety for the administration.

Brazil

Communications Minister Criticizes U.S. FCC Official

PY2911003495 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 28 Nov 95

[FBIS Translated Excerpt] The government has adopted a series of measures to modernize telecommunications, calling upon entrepreneurs to invest in the sector. [passage omitted]

Communications Minister Sergio Motta explained the new government telecommunications program, with targets for the next eight years.

Enterprises will be allowed to exploit satellites, cellular phones, cable television, data transmission, and other services.

While using a projector to explain the program, the power went out. The minister did not miss the opportunity to joke about the Sivam [Amazon Region Surveillance System] case.

[Begin Motta recording] This is a transparent government that does not like to speak in the dark. Some people have insisted on speaking in the dark, but they were expelled. [laughter] [end recording]

The minister criticized the president of the FCC [Federal Communications Commission], which is equivalent to a U.S. Ministry of Communications.

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[Begin Motta recording] The FCC president was here. I even complained to the U.S. president [as heard], noting that whenever I speak I will speculate about U.S. problems. This guy makes unfounded remarks. He talks only nonsense [laughter]. I complained to the ambassador. He talked a lot of nonsense, because in the United States [pauses] I am tired of countries that advocate a liberal position for others. I want this liberal position, this position that is so much in favor of economic liberalization, to be valid for all countries. [end recording] [passage omitted]

Minister 'Irritated' at Hunt 'Threat'

PY2911020095 Sao Paulo AGENCIA ESTADO in Portuguese 2116 GMT 28 Nov 95

[FBIS Translated Text] Brasilia, 28 Nov (AE) — Communications Minister Sergio Motta has sent a strong message to Reed Hundt, Chairman of the Federal Communications Commission (FCC), which regulates telecommunications in the United States. "I am tired of countries that advocate liberalization for others," Motta said. "He makes unfounded remarks; he started speculating. I do not go to the United States to speculate. We must show that we do have sovereignty, that the foundations of our relations have changed," the minister said during a briefing to entrepreneurs.

Motta was irritated at a threat from Hundt, who this month said in Foz do Iguazu (Parana) that they will permit the entry of investors on the U.S. market only if the Brazilian Government does the same. In a bill submitted to Congress today, the government proposed that at least 51 percent of the capital of enterprises exploiting public telecommunication services be in Brazilian hands.

This will permit foreign capital to participate with up to 49 percent of the investment. Motta warned, however, that Brazil will demand reciprocity, that is, egalitarian treatment from the country of origin of the enterprise willing to enter the Brazilian market. "If the United States wants to enter here, it will have to provide equal treatment," the minister said. In March 1996, Motta will make a tour of a number of developed countries, introducing the government's investment program and explaining the privatization process in order to attract investors. The list includes Japan, Germany, France, England, Canada, and the United States.

President Seeks To Reactivate Growth, Productivity

PY2811202395 Rio de Janeiro O GLOBO in Portuguese 24 Nov 95 p 24

[Article from the "Economic Panorama" column by Silvia Faria: "Homework"]

[FBIS Translated Text] President Fernando Henrique Cardoso last week gave some homework — for next year — to his economic team, based on ingredients to reactivate growth and improve productivity.

One economic team member said: "The president's main concern is that the team is too concentrated on routine Real Plan problems and that it has failed to identify the preconditions for sustained development."

Not even a diagnosis of the competitiveness of the national economy has been made. Without such a diagnosis, it is impossible to propose development strategies for the country. For example, certain industrial sectors should rapidly compensate for the technological gap that affects them. If not, they should be advised to change activity.

The Civilian Household of the Presidency will establish a structure to coordinate the action by ministries, focusing on each ministry's efforts to achieve sustained development without causing a public deficit or an external deficit, or create environmental pollution, etc.

The work will be coordinated by Andrea Calabi, executive secretary of the Planning Ministry. Besides being a professional with a financial engineering outlook and experience in the private sector, Calabi has long experience in public finances and privatization.

The top challenge of growth reactivation is to reconcile the interest rate drop that seeks to promote new investments with the moderate growth of demand that should not pressure supply and, consequently, inflation. The solution would be to find ways to create domestic and external savings.

The Ministries of Planning and Industry and Commerce should centralize the coordination and planning of development strategies. President Cardoso believes such tasks are behind schedule. In other words, the planning and coordination work for development that the president promised during his campaign is not being done.

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Cardoso Signs Telecommunications Privatization Rules

PY2911012195 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 28 Nov 95

[Passages within quotation marks recorded]

[FBIS Translated Text] President Fernando Henrique Cardoso today opened the privatization process in the telecommunications sphere. The ceremony was held at the Itamaraty auditorium and was attended by Communications Minister Sergio Motta, Aeronautics Minister Lelio Viana Lobo, and nearly 200 foreign and domestic investors.

Brazil now wants to recover the time lost; and according to President Cardoso, the best way to do this is by promoting partnerships between the state and private companies. The president signed decrees regulating the concession of radiobroadcasting, telecommunications, cable tv, and cellular telephone services in Brazil. He also signed a decree outlining the guidelines of the government's satellite policy. Additionally, by February 1996, he will submit to Congress the general telecommunications draft law.

Communications Minister Sergio Motta announced that the administration has 11 billion reals [R] to invest in telecommunications and that additional amounts must come from the private sector. He estimated that R39 billion will be invested in telecommunications by 1999. He added that these investments are essential to modernize the country. He said he thinks that by the end of the Cardoso administration, Brazil will have 21 million regular telephone lines, 7.3 million cellular phones, and 800,000 public telephone booths.

During the ceremony, President Cardoso emphasized the significance the constitutional reforms have for Brazil: "Thus, our responsibility is even greater because we are proposing that the Constitution be rewritten. I was aware that it was going to be difficult to pass those amendments, but I would never have imagined that it would be possible to obtain an understanding from the Congress and the people's support in such a short time. Thus, we have already been able to introduce some changes into the Constitution.

"Regarding the amendments we are proposing now, I have great confidence that Congress will pass them. I repeat, my confidence is based on the very active support I have received from the people."

President Cardoso said Brazil must modernize if it is to compete on the international market: "Yet, a globalized economy — the globalization of problems — is a key factor. Those who are unable to understand this cannot understand what is happening. Furthermore, it would not suffice to just understand; we must also prepare to effectively join the international market."

President Cardoso commented on Brazil's trade ties with other countries: "We have made deep changes in Brazil's relations with the international market. Just to give you some rough figures: five years ago our overall foreign trade — imports and exports — did not total $50 billion. Today, our overall trade stands at nearly $100 billion. That is: it has doubled. Initially, there will be perplexity. There will be a trade imbalance. We are now seeing all-time records in our exports during the second half of 1995, as we did in October. We are also increasing our imports. A country that agrees to play by the international rules needs to balance its exports and imports. This is not very difficult to achieve. We will have a trade surplus in 1996. We will have trade surpluses during the entire second half of 1995. These trade surpluses may not be as large as those in the past, when we had a closed economy. At that time we had a closed economy that was focused on exporting. We had trade surpluses then."

President Cardoso described as a mistake to regard Brazil as an underdeveloped country: "Brazil is the ninth largest economy in the world. I have stated this time and again, including during my electoral campaign. It is a contradiction in terms to state that Brazil is an underdeveloped country. A country with a per capita income of $4,000 cannot be compared with countries with a per capita income of $400 or $300, which are truly underdeveloped countries. We have the ninth largest economy in the world.

"Our problem is that we are disorganized. We were — but we are getting organized now. There is still injustice in Brazil; and we still have an unfair concentration of income. These are our real problems. We have production capability. We have technological know-how too, and we are going to have more. Yet, we are going to achieve all this only if we dare venture out into the world. It is no longer possible to believe we can grow while remaining isolated. It is no longer possible to do that. As we grow, we must understand international trends, and get prepared to deal with those trends, with an open mind and with clear objectives. We need clear laws."

The administration expects the private sector to invest $75 billion in telecommunications over the next five years. Journalist Marizete Mondim has more: "The telecommunications package has laid down rules for the privatization of the telecommunications area. The administration wants the private sector to invest $75 billion over the next eight years. This objective will be achieved only if there are clear, effective laws.

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"One measure announced today will end the concession of radio and tv stations based on political criteria. These concessions were used in the past by previous administrations as bargaining chips or as electoral tools. From now on, concessions will be awarded through public tenders, in which all candidates stand the same chance because they will be judged by clearly established selection guidelines.

"Another measure will prevent a regional monopoly over cable tv services, thus democratizing telecommunications in Brazil."

Further on Resolutions, Decrees

PY2811205595 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 28 Nov 95

[FBIS Translated Text] President Fernando Henrique Cardoso this morning signed the new rules for telecommunications. During a ceremony at Itamaraty Palace in Brasilia, Telecommunications Minister Sergio Motta explained the changes.

The government wants to facilitate the access of any individual or institution to telecommunications satellites. People will pay for the service to private companies which, in turn, will participate in public bids to win the right to exploit these services. The Telecommunications Ministry has guaranteed 11 billion reals for investments and is seeking the support of the private sector to make investments to modernize the telecommunications sector.

The government will seek a legal foundation for this project in Congress through a general telecommunications law, which will be sent to Congress on 15 February, and through specific laws that will arrive in Congress tomorrow morning.

During the ceremony, President Cardoso today signed two resolutions, three decrees, and a draft bill on the exploitation of telecommunications services, cable television, cellular telephones, and radio broadcasting.

During the ceremony, the president appealed to businessmen to make greater investments in the telecommunications sector.

[Begin Cardoso recording] In a company, nothing replaces the taste for risk. He who does not take risks is not an entrepreneur. He is a bureaucrat. Just as in politics. He who does not have the courage to innovate, confront others, and take risks is not a statesman. He is a petty politician. [end recording]

Justice Minister Testifies in Lower House on Sivam

PY2811181495 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 28 Nov 95

[FBIS Translated Text] Congress has begun to listen to the testimony of the people involved in the Sivam [Amazon Region Surveillance System] case. The first to testify before the National Defense Committee in the Chamber of Deputies is Justice Minister Nelson Jobim. He said that the Federal Police has institutional autonomy, so that is why he was not informed about the telephone wiretapping in the home of Ambassador Julio Cesar Gomes dos Santos.

Minister Jobim was the only one to come to testify today before a nearly empty plenary in the Chamber of Deputies. Federal Police [PF] Director Vicente Chelotti and PF officer Mario dos Santos, who requested the wiretapping, were absent from the session because the justice minister can provide the information about the police. Judge Irineu de Oliveira Filho, who authorized the wiretapping on the telephone of Ambassador dos Santos, did not come to testify, alleging the independence of the judicial branch.

Minister Jobim said he learned about the telephone eavesdropping from President Fernando Henrique Cardoso on 13 November and immediately received the confirmation from the Federal Police. He said he warned the president that the evidence was obtained in an illegal manner and that this could bring problems for the administration.

Jobim said that the Federal Police does not inform him regularly about telephones that are wiretapped because of the institutional autonomy of the Federal Police established by the Constitution:

[Justice Minister Jobim, identified by caption] The justice minister does not have the power either to order investigations or to suspend them. It is important to point out that in a democratic state, the police is not an offshoot of the executive branch. [end recording]

As for the investigations, Jobim stressed that he can only repeat what is written in the PF report. According to Jobim, the PF report asserts that the telephones of Planalto Palace have not been wiretapped, nor were telephone conversations of President Cardoso recorded. The Federal Police insists that the investigations began as a consequence of anonymous drug trafficking charges. As for the possibility that the telephone wiretapping was ordered by people linked to Planalto Palace, the minister said this depends on the evidence and on an investigation that is under way. The minister also said that he cannot base himself on suppositions.

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Justice Minister Nelson Jobim has yet not finished speaking. He has been in the Chamber of Deputies for more than three hours now, but so far he has not clarified the main doubts about the wiretapping on the telephone of Ambassador dos Santos. This is why the deputies decided to summon, for 30 November, Ambassador dos Santos himselfm and Lider Taxi Aereo President Jose Afonso Assumpcao, whose telephone conversation was recorded by the Federal Police.

Assumpcao has already sent a letter to the Chamber of Deputies breaking his bank secrecy and authorizing the inspection of his personal accounts and of the company Lider Taxi Aereo. The deputies also decided to summon, for 5 December, PF Director Vicente Chelotti, PF Officer Mario Jose dos Santos, Aeronautics Minister Lelio Lobo, and Strategic Affairs Secretary Ronaldo Sardenberg.

The super committee that will investigate the Sivam case will be installed in the Senate this afternoon. The deputies also decided to form a super committee to investigate the case.

A short time ago, a petition for urgent treatment with regard to the vote on a draft bill regulating the conditions under which telephone wiretappings can be authorized was filed.

Industry Federation Seeks Same Treatment Given to Banks

PY2811205295 Sao Paulo AGENCIA ESTADO in Portuguese 2229 GMT 27 Nov 95

[FBIS Translated Text] Sao Paulo, 27 (AE) — Carlos Eduardo Moreira Ferreira, the president of the Sao Paulo State Federation of Industries (FIESP), and Economy Department Director Boris Tabacof today presented a document entitled: "Measures for Industrial Reactivation" which includes the following warning: "The final objective of any stabilization plan should be the resumption of sustained growth and production. If the results do not include sustained economic growth, the program is senseless."

Even though the curbing of inflation is recognized, FIESP stresses that industrial activity in Sao Paulo dropped 22.7 percent between March and September, while unemployment climbed 4.7 percent. The FIESP document suggests that the government implement 12 measures to reactivate industrial production, including treatment equal to that given to the financial sector. The measures are:

1) A deregulation of credits for consumers, including the withdrawal of the six-month repayment limit;

2) A reinforcement of credit lines for exports and tax exemption for exports;

3) Measures against unfair trade practices, such as import quotas and/or import tariffs on products liable to have dumping effects;

4) Expeditious restructuring of companies or sectors including mergers, incorporations, technological transference, with "special credit lines, similar to what has been done for mergers in the financial sector;"

5) To update, within the framework of the CADE [Administrative Council for Economic Defense], laws on mergers and the incorporation of companies;

6) Flexible work hours, including the adoption of movable working hours;

7) A reduction of legal bank reserves at the Central Bank and the allocation of funds for loans for the productive sector;

8) To make the Finame [Fund for Financing Machinery and Equipment] more agile, with direct transference of funds to borrowers without the intermediation of the financial sector;

9) A return to the old, more separate, tax payment deadlines;

10) A reduction of the fiscal burden, with the elimination of the IOF [Financial Operations Tax] on credit operations for the productive sector.

11) A swap of the government debt contracted with its suppliers for titles that can be negotiated in the secondary market or that can be used to pay taxes; and,

12) The creation of special credit lines to refinance company debts;

The FIESP document reiterates the need to hasten structural reforms.

Former INCRA Official's Communique on Wiretapping

PY2811181295 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 28 Nov 95

[FBIS Translated Text] Former INCRA [National Land Reform and Settlement Institute] President Francisco Graziano said he made a mistake in not being more careful about the origin of the report he gave to President Fernando Henrique Cardoso.

Graziano today released a communique to the media, the fourth in five days. In the communique, the former INCRA president asserts that he did a lot for the agrarian reform in 60 days of work. He confiscated 112,000

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hectares of land, and settled 10,000 families. He said he was involved in the telephone wiretapping case by people who oppose the agrarian reform and who took advantage of intrigues and minor political interests.

Graziano adds that he is leaving the administration with sadness and that if he is guilty of something, it was not having taken greater care with regard to the origin of the report he gave to President Cardoso. In conclusion, however, he delivered a message:

[Begin Graziano recording] I am leaving with my head high. I can tell my children one day that I helped combat corruption in my country. [end recording]

Settlement Director Named Acting President of INCRA

PY2811155295 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 28 Nov 95

[Report by Luis Augusto Mendonca]

[FBIS Translated Excerpt] Raul do Valle, settlement director of the National Land Reform and Settlement Institute [INCRA], has been appointed INCRA acting president. In a letter sent to Planalto Palace, former INCRA president Francisco Graziano explained his reasons for resigning from the position. [passage omitted]

According to presidential spokesman Sergio Amaral, the government has actually been strengthened as a result of the entire episode involving the loss of three important aides in such a short period of time:

[Begin Amaral recording] I think the fact that the president has lost three aides shows that the administration is strict and will investigate all well-founded charges — as it has already done in the past, has been doing this time, and will continue to do in the future. [end recording]

Amaral also said that President Fernando Henrique Cardoso has ordered the Secretariat General of the Presidency of the Republic to open investigations in order to find out whether the charges of influence peddling that resulted in the removal of Julio Cesar Gomes dos Santos from his position are indeed true. If the charges are confirmed, Ambassador dos Santos may be definitively dismissed for just cause and in defense of the image of the public service. Dos Santos is an Itamaraty career official.

Sao Paulo Justice Secretary Belisario dos Santos, Jr. said he was surprised at Francisco Graziano's resignation. Secretary dos Santos pointed out, however, that do Valle's appointment as INCRA acting president is viewed in a favorable light.

Peru Creates Chamber of Commerce in Interior

PY2711132495 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 17 Nov 95 p C3

[Article by Julio Ottoboni]

[FBIS Translated Text] Sao Jose dos Campos — The first Brazilian-Peruvian Chamber of Commerce to be created in the interior of the country is being established in Sao Jose dos Campos, Sao Paulo. On direct orders from President Alberto Fujimori, this diplomatic representation seeks to expand trade contacts in Sao Paulo State. The Peruvians are even considering the possibility of investing in materiel companies in the region.

The Paraiba River Valley region has been chosen for this chamber because it has a diversified industrial and technological center. Peruvian Consul General Enrique Palacios has visited companies in Sao Jose dos Campos, Lorena, Pindamonhangaba, and Guarantigueta over the past few days.

Diplomats have said the goal is to identify new business opportunities and encourage exports of products and services. The protocol of intent for the establishment of the chamber has already been signed by the Peruvian Consulate and Workers Party's Angela Guadagnin, who is also the mayor of Sao Jose dos Campos.

The chamber will be regional and will begin its activities in December by hiring micro and small enterprises in Sao Jose dos Campos that have technological know-how. The Paraiba River Valley municipalities are accepting the proposal very well because they see the possibility of the reactivation of spheres that are still in crisis, such as the materiel and aeronautics spheres.

Consul Palacios explained clearly that the Peruvian Air Force is interested in purchasing Super Tucano fighters from the Brazilian Aeronautics Company (Embraer). Peru uses 50 such planes to fight drug trafficking and Shining Path guerrillas.

Peru also wants to purchase planes for regional transportation, which is one of the markets in Peru that is growing most. This transaction may be completed by next month.

Fujimori plans to intensify military actions against the Shining Path. As a result, Brazilian materiel-manufacturing companies — particularly Avibras Aerospace Industry, Inc. and Tectran — may obtain more resources. In addition to producing launching systems for the Astros-2 rockets, Avibras is developing several types of combat equipment that can be installed in planes or helicopters.

An important portion of the Peruvian military fleet comprises Specialized Engineers, Inc. vehicles. This

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company may resume production of these vehicles in the next few months, thanks to the efforts of the Brazilian Army Ministry. The Peruvians are also willing to contract Paraiba River Valley construction companies to rebuild some of the 1,600 bridges destroyed by the guerrillas.

The economic recovery policy adopted by President Fujimori seeks to transfer technology to their factories. These are among the most underdeveloped in the Americas. The Peruvian Government plans to invest in this program most of the resources obtained from the World Bank. Currently, any middle-sized iron and steel mill in Sao Jose dos Campos can melt more than the largest iron and steel mill in Peru.

The chamber of commerce also hopes to stimulate tourism. The main attraction of this plan is a cheap plane ticket between Sao Paulo and Lima: $480.

Mozambican Foreign Minister Simao Visits Brazil

MB2711133295 Maputo Radio Maputo in English 1100 GMT 27 Nov 95

[FBIS Transcribed Text] Mozambique's foreign minister, Leonardo Simao, is paying a week-long official visit to Brazil since yesterday. The Maputo Sunday paper, DOMINGO, says Mr. Simao is meeting, among other leaders, the Brazilian president, Fernando Cardoso, and is the bearer of President Chissano's message to his Brazilian counterpart. The Mozambican foreign minister will also meet his Brazilian counterpart, Luis Lampreia, with whom he will discuss several issues, including the forthcoming conference of the seven on the community of Portuguese-speaking countries to be held in Maputo in April 1996. The seven include Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal, and Sao Tome and Principe.

Before going to Brazil, Mr. Simao made a stop over in South Africa on Friday where he met his counterpart, Alfred Nzo. The two ministers reiterated support for the Commonwealth's recent decision to suspend Nigeria, and called on the Nigerian dictatorship to implement the Commonwealth's decision.

Interest in Resuming Trade With Iraq Seen

96SM0023B Brasilia CORREIO BRAZILIENSE in Portuguese 2 Nov 95 p 14

[Article by Roberto Lopes: "Brazil Wants To Return to Iraqi Market"]

[FBIS Translated Text] Sao Paulo—Fernando Silva Alves, Brazil's ambassador to Jordan, has alerted the Ministry of Foreign Affairs to trips this year by at least five Western trade delegations—including one from Argentina—to Iraq.

In Baghdad, all those delegations made contacts aimed at reviving trade relations with the Iraqis as soon as the United Nations lifts its trade sanctions against President Saddam Husayn's government.

In one of his telegrams, Silva Alves reported that delegations from France, Great Britain, Italy, Russia, and Argentina had passed through Amman and covered the 950 kilometers separating the Jordanian capital from Baghdad.

Brazilian diplomats calculate that the Argentine businessmen have been focusing their efforts on massive meat exports.

Problems

In Sao Paulo, the Arab-Brazilian Chamber of Commerce (CCAA) has now received the go-ahead from the Brazilian Ministry of Foreign Affairs to organize a trip of the same kind, but without the official support of the government.

But there are problems: "The domestic firms that have expressed an interest in selling to Iraq again want Petrobras to guarantee their deals, as was done in the past," CORREIO BRAZILIENSE was told by CCAA Secretary General Michel Alaby.

"And even though Petrobras itself is interested in again buying Iraqi petroleum, which is very cheap, it appears that it or the government is hesitating to provide backing for this new phase of deals with Iraq."

At the Ministry of Foreign Affairs, the man in charge of the matter is Ambassador Pedro Paulo Pinto Assumpcao, head of the Near East Department. It was he who received the information from Jordan, and it was also he who encouraged Alaby to organize a delegation of private businessmen to visit Baghdad.

Interested

Besides Petrobras, the firms interested in returning to Iraq are the Iochpe-Maxion group, Valmet, Manesmann, and a Minas Gerais firm that produces refractory ceramics.

The Iochpe-Maxion group wants to sell the Iraqis a whole line of agricultural products and tools, and Valmet is interested in exporting machinery, also for agriculture. Manesmann wants to put its oilfield tubing and equipment on the Iraqi market.

The plant in Minas Gerais had a load of refractory ceramics worth $4 million on its way to Iraq when the

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Gulf crisis erupted in August 1990. The shipment had to be returned.

Petrobras intends to purchase Iraqi petroleum at low prices and resell it on the spot market—where cash is received at the time of sale—in Rotterdam, Holland.

Sales Total $20 Million

Sao Paulo—The Arab-Brazilian Chamber of Commerce estimates that Brazil will export about $20 million worth of goods to Iraq this year. That is five percent of the annual amount before the Gulf crisis.

The United Nations allows only sales of food and medicines, but the chamber suspects that some of last year's paper transactions for Jordan actually had Iraqi territory as their final destination.

The United Nations is also having a lot of trouble monitoring trade across Iraq's borders with Iran and Turkey.

Between September and October 1990, when the UN embargo was already in effect, the Tehran government closed its eyes to the smuggling of rice and chicken into Iraq.

Procedure

Brazilian exports to Iraq totaled between $25 million and $30 million in 1994. In addition to paper, the Iraqis also bought sugar and chicken.

In Brazil, authorization to export to Iraq requires that a specific procedure be followed.

The application is submitted to the Foreign Trade Secretariat (Secex) in the Ministry of Industry and Commerce, and from there it goes to the Ministry of Foreign Affairs to be submitted for analysis by the United Nations.

At the moment, the Iraqis are submitting two applications to Brazil: one for sugar and another for raw materials for the pharmaceutical industry.

Crisis

Two months ago the Iraqi ambassador to Brazil, Tawfik al-Mukhtar, strongly urged the chamber's secretary general (and director of foreign trade), Michel Alaby, to act as middleman in arranging a trip to Baghdad by Maxion representatives.

Everything was going smoothly until Saddam Husayn's daughters, their husbands, and a group of high-ranking officials in Iraq's state and military bureaucracies took refuge in Amman.

Their flight triggered a new and serious crisis in the Baghdad government. Western sources claim that the group felt threatened by the bloodthirsty violence of Uday, Saddam's son, who is regarded as a murderer and a playboy (he owns a luxurious fleet of racing cars).

"After that happened, the Iraqi ambassador disappeared completely," says Alaby.

Arms Are Big Business

Sao Paulo—In the opinion of Michel Alaby, secretary general of the Arab-Brazilian Chamber of Commerce, the government's concern not to displease the United States, and private enterprise's lack of organization may lead to serious disappointments for the Brazilians when they return to Iraq.

The embargo decreed by the United Nations has now lasted five years and does not seem close to ending, but Alaby predicts that when the time comes, "Brazil, which has already exported $400 million worth of goods to the Iraqis, will not exceed a level of $50 million to begin with."

Actually, much of Brazil's commercial success in Iraq—and in the rest of the Arab world, for that matter—was due to the arms industry until 1988.

Rockets

The Sao Paulo firm Avibras [Avibras Aerospace Industry, Inc.] alone sold nearly $400 million worth of Astros 2 surface-to-surface rocket launchers to Iraq.

That kind of trade with the Iraqis is out of the question now. But this does not mean that our country's arms firms have lost interest in Middle Eastern customers or vice versa.

The Brazilian Ammunition Company (CBC) has representatives in Kuwait City.

Last year the Kuwaiti Ministry of Defense turned to Brazil for ammunition to be used in the guns on its Soviet-made tanks.

Two months ago, a foreign trade company, called Al Barakah for Trading, also looked up Brazilian suppliers. It wanted to import military vehicles and other armament, supposedly to supply the Yemeni Army.

Dummy Company

Last July CORREIO BRAZILIENSE reported exclusively that Avibras was continuing to supply surface-to-surface rockets to Saudi Arabia and special resins to Egyptian industry.

The Federal Revenue Secretariat has information to the effect that over the past five years, shipments of rockets

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to the Saudis have left Brazil on their way to a dummy ("offshore") company in Great Britain.

The sales were made at prices well below those that the offshore company actually charged the authorities of the purchasing country.

Now the firm has also contacted the governments of Syria and Jordan for the purpose of selling the Astros system, but so far those talks have not been successful.

Goals of Telecommunications Plan Viewed

96SM0023A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 14 Nov 95 p B1

[Article by Milton F. da Rocha Filho: "Telecommunications Plan Favors Cellular Telephones"]

[FBIS Translated Text] *The goal is an 850-percent increase in mobile telephones and a 60-percent increase in the number of fixed telephone terminals by 1998.*

Minister of Communications Sergio Motta is expected to announce a new telecommunications plan for the country on the 21st. The plan will also involve modernization of the Brazilian Postal and Telegraph Company (ECT). It provides for a partnership with private enterprise and the investment of $74 billion by the year 2003. It also provides for the installation of 21 million telephone lines by 1998. The main points in the government's draft plan for telecommunications are as follows:

1. Beginning next year [1996], only digital telephone exchanges are to be installed in cases where the exchange will have a capacity of 4,000 lines or more.

2. All telephone exchanges using "step-by-step" and "rotary" technology are to be deactivated by 2000 and replaced with digital exchanges. In localities with more than 50,000 lines, all the equipment using those technologies is to be deactivated by 1997. This involves the use of digital technology in replacing about 1 million lines.

3. All electromechanical exchanges in service for over 28 years are to be deactivated and replaced with digital technology by 2002. This involves the replacement of over 2 million lines.

4. By the year 1998, 21 million fixed telephone terminals are to be installed—an increase of 8 million terminals over the current number (an increase of over 60 percent). By taking advantage of the planned technological gains (cost reduction), our country will be preparing to reach a total of 47 million telephone lines in 2002.

5. By 1998, 7.3 million mobile telephones are to be installed—an increase of 850 percent. And the goal is to have 10 million mobile telephone terminals by the year 2002.

6. Beginning in 1996, all telephone exchange contracts for localities with more than 10,000 lines will have to provide for intelligent network facilities.

7. In meeting the demand for fixed telephone services, low-cost solutions are to have priority.

8. Domestic and international systems are to be designed in such a way as to permit the movement of international traffic from the Mercosur [Common Market of the South] countries to Europe and North America by way of Brazilian domestic systems.

9. The technology for voice store and forward service will be introduced to make possible a low-cost alternative service facilitating access by the lowest-income groups to telecommunications services. The new service is to be serving 6 million users by 1998. That service is the equivalent of an electronic secretary for public use.

10. In the case of public telephones, over 800,000 such telephones are to be installed by 1998—and more than 1 million by 2002.

11. The data communications area is to have the capacity to serve 7 million users in 1998.

12. The distribution network for subscriber television service is to be capable of interconnecting 7 million access points throughout the national territory by 1998.

Postal Service To Reduce Manpower

The plan is to expand the network to 19,000 branch offices throughout the country within three years and reach 25,000 in 2002.

The draft telecommunications plan now circulating among experts and businessmen in the area calls for the Brazilian Postal and Telegraph Company (ECT) to reduce its manpower by 1.5 percent per year. The main points in the plan are the following:

1. Install data transmission and teleprinting equipment in the branches by 1998.

2. By 1998, 80 percent of the mail is to be processed by automatic sorting systems.

3. The ECT is to provide all Brazilian localities with a form of mail service by 1998.

4. There are to be 19,000 branches of all types by 1998 and 25,000 branches in 2002.

5. Increase the vehicle fleet to meet requirements so that by 1998 it will be covering 95 percent of urban lines, 70

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percent of regional lines, and 20 percent of nationwide lines.

6. Acquire motorcycles for 20 percent of the mail carriers by 1997 and bicycles for 50 percent of them by 1996.

7. Automate the processes for controlling transportation of the mail by 1999.

8. Interconnect 50 percent of the units to the remote data processing system by 1998 and install 21,000 local and metropolitan network stations by 1998.

9. Make home delivery service viable by 2002 by providing the possibility for connections with other networks (Internet, Postnet, and so on).

10. Install electronic mail, teleprinting, and electronic data exchange systems in the Federal District, Sao Paulo, and Rio de Janeiro by 1998.

11. Reduce administrative costs by five percent annually through 1998.

Editorial Lauds Nuclear Sub Construction

96SM0023C Rio de Janeiro JORNAL DO BRASIL in Portuguese 13 Nov 95 p 8

[Editorial: "Strategic Choice"]

[FBIS Translated Text] The Ministry of Navy's plea to resume construction of the nuclear-powered submarine by assigning priority to refinement of the nuclear propulsion unit developed at the Aramar Experimental Center in Ipero, Sao Paulo, cannot be assessed without first answering a question: does Brazil want a real Navy or is it content with a Coast Guard?

Mexico chose the second option and delegated the military defense of its territory to the United States in joint operations. Brazil must avoid following that example. A country at our stage of technology, with an 8,000-kilometer coastline, 70 percent of its population concentrated in the 200-kilometer-wide coastal strip, and practically all its petroleum reserves located on the continental shelf must guarantee its own military defense.

We will not achieve that objective by acquiring obsolete frigates secondhand. A modern Navy is an undersea Navy. In the Falklands war, Great Britain gave conclusive proof of the power of only one nuclear-powered submarine, albeit one with conventional armament, by keeping the Argentine fleet bottled up in port thanks to the establishment of a zone of exclusion that it maintained for a long time.

A bureaucratic squabble between "frigate men" and "submarine men" (like the one between "dam supporters" and "nuclear power supporters" in the civilian world) led to the nuclear-powered submarine's ridiculous demotion to 18th place among the Navy's planned expenditures for 1995. Pressures whose objectives were less than clear led to Vice Admiral Othon Luiz Pinheiro da Silva's being removed as president of the Navy's Coordinating Center for Special Projects (Copesp), which at the time was the agency responsible for uranium enrichment.

With international safeguards being guaranteed, inspection by the International Atomic Energy Agency, and the maximum level of isotopic enrichment being kept at 20 percent—the level usually accepted for applications in scientific research reactors and also in submarine propulsion systems—it is pure foolishness to disinter the ghost of the bomb.

Let us do some figuring. Between 1979 and 1986, the National Security Council (CSN) ensured the survival of the Navy's autonomous project for isotopic enrichment by ultracentrifugation. It did so in cooperation with the University of Sao Paulo's Institute for Nuclear and Energy Research (IPEN), which since 1976 had been making progress in the production of uranium gas (hexafluoride). Elimination of the CSN in 1991 caused a vital source of funds for the program to dry up.

The Navy is seeking approval of a budget amendment submitted by Deputy Paulo Heslander (PTB [Brazilian Labor Party], Minas Gerais) that will shift 30 million reals from the budget of the Ministry of Science and Technology to the Aramar project. That amount, added to the 20 million reals already being invested annually in the submarine, would give the autonomous program new momentum.

Brazil could only gain from a decision to do so.

Chile

Pinochet Speaks at Dinner To Celebrate 80th Birthday

PY2811205195 Santiago EL MERCURIO in Spanish 26 Nov 95 pp A1, A19

[FBIS Translated Excerpt] General Augusto Pinochet, the Chilean Army commander in chief, last night expressed his desire and hope that Chile will remain as a family which "will always solve its quarrels with embraces and forgetfulness." He expressed concern because, despite the goodwill, the steps being taken to reach said objective are not yet clear.

In his speech delivered to almost 2,000 friends, supporters, and former aides who gathered at a dinner in his honor at Casapiedra — and transmitted via microwave

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to 19 cities of the country where similar dinners were given — Pinochet recalled the reasons for the military uprising and expressed regret for those who died during that "war" period, both friends and foes.

With these words the Army commander yesterday concluded a long day of celebrations for his 80th birthday, during which there were also demonstrations of support and of repudiation.

During the dinner at Casapiedra, and after a speech in his honor by businessman Hernan Guilloff — during which he announced the creation of the Augusto Pinochet Ugarte Foundation — the Army commander in chief addressed those present.

He first drew a balance sheet of his 80-year life, during which he stressed the company of his wife Lucia Hiriart, "a marvelous woman, with whom I have always shared happiness and difficulties; she has always been my unconditional support and the most generous companion any man could wish to have."

Concerning his military career, he stressed each assignment, especially his promotion to general at the end of the 1960's which, he said, "coincided with the beginning of the most turbulent periods in Chilean history."

He said that it was necessary to explain this further because the younger generation must know about the very serious situation that prevailed in Chile at the beginning of the 1970's, which threatened even the country's existence as a free nation. He said: "A civil war seemed imminent. There were confrontations almost every day and the streets became battlefields."

He recalled that under those very serious circumstances the people saw as their ultimate hope the Armed Forces and Carabineros, who responded to the clamor of their fellow citizens.

He said that the work of the Armed Forces was not easy and that only after much effort have we been able to rebuild the country and to hand over a nation with a sound economy, a modern Constitution, and a promising future within a climate of stability that overcomes past vices, and opens the path toward the benefits of development.

He then said: "I cannot say that all my decisions and behavior have been perfect, but in general, especially in those related to my country's fate, I have always tried to do what is most adequate and necessary for the good of the fatherland. If history could be repeated, I would do again what I have done and with similar intentions."

Pinochet said he knows he will be evaluated by history for the role he played. "Perhaps a serene, documented, and just trial which stems from a perspective free from passion which reaches the real truth and establishes it with loyalty will take some time," he said.

The Army commander later referred to members of the Armed Forces who died over the past few years, and added that he would like to personally speak to all those who have supported him, but especially "to those who have lost their dear ones because of confrontations which, of course, the military did not seek."

Pinochet then referred to those who were his opponents, saying: "I am also hurt by the death of our enemies in those years."

Pinochet added that it should be admitted that there was a war during that period, a war that jeopardized the nation since before 1970, something which many have tried to conceal and even to distort over the past few years.

He added that as a professional military officer he knows perfectly well that wars are tremendously painful, that they leave wounds that are very difficult to cure, and that for this reason, they should not exist.

He added that on that basis, once "war breaks out" it is impossible to predict and control all episodes. "Great shame is usually the result of those serious and generally incomprehensible human disagreements."

The Army commander said forgetfulness, silence, exploitation, and unawareness of the crisis that prevailed in the country in 1973 harm our society and hamper a real reconciliation of all Chileans.

He said that many sectors seek to distort the historical events to excuse those responsible and transfer their responsibilities to the Armed forces, unaware of the fact that what the military really did was to fulfill its mission: "To save Chile." [passage omitted]

Pinochet said that together with the need to create the necessary conditions to take advantage of the potential of the new generation, they should not be deprived of the opportunity to learn about their history and national values so they will never stop loving this land.

He explained that he learned this from the exercise of government and from daily contact between military and civilians. [passage omitted]

Yesterday the Army reaffirmed its most unrestricted support and loyalty and decorated him at noon with a special medal to mark 64 years of uninterrupted service within the Army. [passage omitted]

Some incidents also took place at noon in downtown Santiago and in some neighborhoods where leftist and human rights organizations expressed their repudiation

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of the celebrations prompted by his birthday. [passage omitted]

FACh Commander on Attempts To Politicize Military

PY2811213495 Santiago EL MERCURIO in Spanish 25 Nov 95 p 12

[FBIS Translated Text] General Fernando Rojas Vender, the FACh [Chilean Air Force] commander in chief, said yesterday he agrees with the remarks General Augusto Pinochet made on 22 November. On that occasion Pinochet said that some people seek to "politicize the Armed Forces and the forces of order."

Pinochet expressed his gratitude for the respect paid by the Army, Navy, Air Force, and Carabineros' commanders and called on them to be alert and to reject all attempts to break the unity of the defense institutions and, finally, destroy them.

"There is always an effort to politicize the Armed Forces because each group wants to attract it to its side," said Gen. Rojas Vender as he left the social club of the Army commanders in chief where he delivered, in the name of the FACh, birthday greetings to Pinochet.

Asked how could the military keep this apparent threat at bay, Rojas Vender said the military are always alert and prepared to react; and above all we "do not worry about political aspects."

Asked about Pinochet's remarks, Carabineros Director General Fernando Cordero Rusque said he could not really state if there was a risk that the Armed Forces might be politicized. He said: "I do not know. I have not perceived that danger within the Carabineros Department yet."

General Jorge Ballerino, retired, said he believes the constitutional amendment proposal is one way "to politicize" the military, particularly through the attempt to change the Constitutional Tribunal, the National Security Council, and the institution of designated senators.

Ballerino said: "Some want to change the military mission, which guarantees the institutional system. The mission will remain, but, regrettably, the tools will be changed. Had these tools existed in 1973, there would have been no need for a military uprising. If this norm is changed, the Armed Forces are left with a single option the option of force."

General Santiago Sinclair, retired, a senator and former Army deputy commander in chief, said there are political indications that there is an effort to destroy military unity. Sinclair said: "What Gen. Pinochet said in his speech is that the Armed Forces must stay united in order to remain the country's great moral reserve."

The general added, without referring to anyone, that the attempt to change defense institutions' organic regulations is worrying.

UDI [Independent Democratic Union] President Jovino Novoa also expressed concern over attempts to exert political influence in defense institutions.

He said: "There are legal proposals or constitutional reforms that might politicize the Armed Forces."

The UDI leader said that when the 1980 Constitution was drafted special care was taken to avoid institutional situations from falling into crisis. This is why several entities like the Constitutional Tribunal, the National Security Council, and the institution of designated senators were created.

Novoa said: "Unfortunately, there are proposals to change these institutions which, I think, are based on ruling coalition interests. This might lead to a politicization of the Armed Forces, which would be very negative."

He said the "politicizing" of these defense institutions seeks to favor the disappearance of those organs as professional entities. He said: "The government is working on a very inconvenient project and this is why we have opposed it."

Alberto Cardemil, vice president of the National Renewal Party, made similar comments. He said there was confusion over the issues that are currently under discussion.

Cardemil said that to avoid the politicization of the Armed Forces and forces of order, the 1980 Constitution placed them organically within the Chilean State.

Cardemil said: "I think the issue is delicate. We must think about it carefully so that our children do not experience the same problems we experienced. Our civic-military problems began between 1932 and 1972 and were due to a wrong institutional decision."

Regarding attempts to destroy the Armed Forces, Cardemil said it would be regrettable "because the armed institutions belong to all Chileans. To make sure nothing will happen to them they must be inserted into the state."

Cardemil said he feels it is impossible to destroy the armed institutions, although their main functions may be distorted.

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Socialists Concerned Over Climate of Confrontation

PY2711230895 Santiago EL MERCURIO in Spanish 24 Nov 95 p C2

[FBIS Translated Text] The bloc of Socialist senators have voiced their concern over the climate of confrontation created during the past few days within the Coalition of Parties for Democracy [CPPD] due to disagreements over the human rights bill.

A declaration of the Socialist bloc, read yesterday by Senator Ricardo Nunez — "Socialist Renewal" candidate for the Socialist Party [PS] Presidency — states that the "mutual charges, the useless warnings, the desire to stand out, and, in sum, the noisy and thoughtless way of conducting politics not only damages the CPPD's public image but also its capacity to solidly back the government."

The declaration is signed by Senators Carlos Ominami, Maria Elena Carrera, Jaime Gazmuri, and Ricardo Nunez.

Upon disagreeing with Minister Secretary General Joaquin Brunner's statement that the government did not support the Socialist senator's objections to the agreement with RN [National Renewal], Nunez said he feels great respect for the minister, "but he is not a legislator, and as far as I know, he has not been elected by anybody."

He asserted that President Eduardo Frei's proposal will be discussed in Congress.

The Socialist senators' declaration expresses their concern over the CPPD's fate due to the existing controversy over the government's agreement with RN over the human rights bill.

The declaration states that the CPPD is much more than a coalition of parties and that there is no political alternative in Chile capable of offering the country stability and progress as the CPPD does.

Senators Ominami, Nunez, Carrera, and Gazmuri reiterated the purpose of debating the objections and human rights bill in Congress and at the same time recalled that this was agreed with Interior Minister Carlos Figueroa the day after the PS meeting that decided to reject the government-RN agreement.

Senator Carlos Ominami noted that an agreement was reached with all the CPPD senators to debate the bill in Congress and added that "we desire a great national debate on the issue."

Ominami, with the worsening of the controversy over the objections to the project, reacted by stating that "we ask the government to be a protagonist of the legislative process with the capacity to listen, and therefore with the capacity to accept good reasons and we do not consider its insistence that it has signed an agreement to which it cannot make any changes a good reason."

He added that that is an inflexible attitude which is not characteristic of a legislative debate.

Colombia

Military Welcomes President's Intelligence Plan

PA2811122595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 27 Nov 95

[From "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Santa Fe de Bogota—The military forces have said that with the new intelligence plan implemented by President Ernesto Samper Pizano a greater efficiency will be sought in the tasks performed by the Armed Force. General Camilo Hernando Zuniga Chaparro Zuniga, Armed Forces commander in chief, noted that the national intelligence system is closely related to the Horizon Plan [Plan Horizonte], which seeks to bring security to the country.

In a few days, the infrastructure and policy of the new National Intelligence Council [Consejo Nacional de Inteligencia] will be developed. Said Council will be in charge of tasks dealing with security and public order.

Prosecutor General's Term Extended for Four Years

PA2911013295 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 29 Nov 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] We will now contact our reporter Soraya Yanine at the Council of State, who has a last minute report. A resolution has just been issued extending the term of Prosecutor General Alfonso Valdivieso Sarmiento for four more years. Good evening Soraya, go ahead with your report.

[Begin live relay] [Yanine] Good evening. We are now at the Council of State's Penal Court. It has just been decided that the prosecutor general will remain in his post for a period of four years. We will interview Dr. Yunez, president of the Council of State. Why was this decision made?

[Yunez] The members of the Council of State's Court of Administrative Disputes by majority decision of 12 votes against 10 annulled a paragraph in the decision

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made by the Honorable Supreme Court of Justice by which the prosecutor general was elected and his election conditioned to completing the term of the previous prosecutor general. By a majority of votes, the Court decided that in accordance with Article 249 of the Constitution, that election should have been made for a period of four years.

[Yanine] As you can see, the prosecutor general will not only complete the term of former prosecutor [Gustavo] de Greiff, but will remain in his post for a period of four years, which will end in August 1998. [end relay]

We will now contact Yolima Celis at the Prosecutor General's Office.

[Begin live relay] [Celis] We have reactions from Prosecutor General Valdivieso on the decision made by the Council of State. How do you view this decision?

[Valdivieso] I receive it as a great responsibility. I would say that this is the meaning before the nation that this additional phase should have. As we have said, we are convinced that we must thoroughly comply with our duty. I feel that from that point of view we must continue making of the Prosecutor General's Office a solid institution, which must be strengthened as an institution. We will continue moving forward.

[Celis] Will you remain in that post for the next four years?

[Valdivieso] Yes, I believe it is a commitment.

[Celis] Will you continue with the Process 8000 to the end?

[Valdivieso] Yes, it will continue, undoubtedly. I believe there should be no doubt about that. There was no doubt of that even if we had to end our term at the end of March. [end relay]

Recent Terrorist Attacks Said Possibly Linked

96CA0043A Santa Fe de Bogota EL TIEMPO in Spanish 5 Nov 95 p 6A

[FBIS Translated Text] Four contacts with news media in which responsibility is claimed for three terrorist attacks during the past six months are the strongest clue for shedding light on the type of organization that lies behind the assassination of Alvaro Gomez.

Furthermore, the comparison of the tape recordings in the authorities' possession indicates that this group also was behind the attack on the president's lawyer, Antonio Jose Cancino, and the bomb set against Fernando Botero's sculpture in Medellin.

Last Thursday, while the doctors at the Country Clinic treating Alvaro Gomez Hurtado were fighting to save his life, a cassette reached the hands of the assistant news director of the RCN radio network, Francisco Tulande.

On it, an individual with a disguised voice took credit, in the name of the group called Dignity for Colombia, for the assassination of the Conservative ex-appointee. After carefully listening to the tape, which lasted five minutes, the journalist Tulande showed it to the network's director, Juan Gassain, and the pair made the decision to turn it over to the authorities.

At the same time, the "National Newscast" reported having received a call from the terrorist group, Dignity for Colombia, claiming responsibility for the attack.

Another tape reached the headquarters of CARACOL and, according to sources from the radio network, its content and wording are quite similar to those on the tape received by RCN.

Upon hearing it, Juan Dario Lara, chief of the editorial staff, immediately called Spain, where his chief, Dario Arizmendi, was located. The latter contacted the company's president, Ricardo Alarcon, who issued an order for the cassette to be sent to the president of the republic and the director of police, Rosso Jose Serrano.

That same Thursday afternoon, Marcos Ruiz, an employee of a Bogota company, was approached and kidnapped by three individuals, who forced him to take notes from a taped message and carry them to the RCN headquarters. According to sources from this radio network, in the message the individuals again claimed responsibility for Gomez' assassination, stating that they belonged to Dignity for Colombia. "We won't be intimidated, and we'll run over anyone, whoever it may be."

The analysis of these cassettes, with the tape recordings of the calls taking credit for the attacks on the president's lawyer, Antonio Jose Cancino, and the work of the sculptor, Fernando Botero, on 10 June of this year in Medellin, reveals a direct relationship between these three terrorist acts on the part of a single organization which, at first, appeared to be a dissident group from the Cali and Medellin Cartels, and was later transformed into the self-styled Dignity for Colombia.

The First Contact

On 10 June, the day of the bomb explosion in Medellin's San Antonio Park, someone contacted RCN to take credit for the act. On that occasion, the spokesman claimed to belong to a newly created organization in Valle: "the same one that destroyed the intelligence guy in Buga," referring to the murder of the SIJIN [Judicial and Investigative Police] chief, Sergeant Oscar Mario Munoz Cruz, on 7 June 1995.

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The spokesman said that the motive for the attack was to respond to the persecution with which their families were being victimized in Cali. He predicted that the terrorist acts would continue to occur in Medellin, "because that minister (referring to Fernando Botero) and the majority of officials (of the Army and the police) are from there."

In his statements, the anonymous speaker clearly indicates that the organization's members were very aggravated at the way in which the government celebrated the capture of Gilberto Rodriguez Orejuela, which had occurred a few days earlier. "Tell Minister Botero that we want to see him tonight on television, along with the members of the police, just as enthusiastic as he was on Friday. Let him applaud, giving 30 rounds of applause for the 30 killed."

Although, with the attack on his father's sculpture, the message was aimed at Fernando Botero, they also criticized Samper: "It is absurd and stupid to see the president of the republic jumping for joy because they have captured someone."

In his talk with the journalist, the group's spokesman issued another threat, at the end: "Harass us wherever you wish; we'll destroy someone big."

Those who took credit for the act, besides admitting that they were "people from Valle," declared: "It is one thing that Mr. Gilberto Rodriguez may be a peaceful man who wants no trouble. But that is something quite different from what we 'other' persons may think and may do."

During the conversation, the anonymous man declared that his group would not commit Pablo Escobar's mistakes, would be in contact only with RCN, would use "kamikazes" in the attacks, and would "turn this country upside down." Many of these terms were used in almost exactly the same manner in subsequent conversations, including the one relating to Gomez: which indicates that it is the same organization.

The Second Conversation

Two months after the first contact, at 1000 hours on 24 August, another man (apparently someone different) contacted the journalist Francisco Tulande, of RCN. In a talk that lasted 42 minutes, he identified himself as one of the seven members of the top echelon of the Mecal group (according to him, comprised of drug traffickers from Medellin and Cali), which was planning to carry out a series of attacks.

After taping the conversation, which occurred 34 days before the attack on Cancino, Tulande and his chief, Gossain, decided to put the cassettes at the disposal of the police director, General Rosso Jose Serrano.

On the tape, the threat was aimed at President Samper; the then defense minister, Fernando Botero; the soccer players Francisco Foronda and Hermann "Carepa" Gaviria; and the congressmen Francisco Jose Jattin, Heyne Mogollon, Alberto Santofimio, and Jose Guerra Tulena, whom the speaker accused of having received money from the Cali people.

During the conversation, the man claimed that the attacks were being aimed at pressuring the government "to have the whole truth come out." He stressed: "We need honesty in both the political class and the ruling class in soccer."

In his threat, the individual announced that Mecal was preparing, under the guidance of mercenaries from Spain and Israel 10 "kamikazes": individuals who, in exchange for 40 or 50 million pesos for their families, would explode the dynamite that they had attached to their bodies against President Ernesto Samper. Appearing again in this conversation were expressions such as "kamikaze," not committing the same mistakes as Pablo Escobar, attacking indiscriminately "regardless of who is brought down," and the vulnerability of the president's armored car. In addition, the journalist was asked to compare this conversation with the one that took place after the attack in the city of Medellin.

Compared with the first tape, there is a change in attitude but not in language on the part of this group, toward the brothers Miguel and Gilberto Rodriguez Orejuela. They are accused of violating an agreement made with the group, consisting of revealing everything pertaining to the campaign financing. The Mecal spokesman inveighs against the Rodriguez brothers, arguing that the latter betrayed them. And he claims that, if the whole truth is made known, his group is willing to surrender and to turn over all the assets that it uses in producing and transporting drugs.

After this conversation, on 27 September, the attack against the president's attorney, Antonio Jose Cancino, occurred. That day, calls were made to RCN, CARACOL, and several international news agencies by a man who claimed responsibility for the attack in the name of the Movement for the Dignity of Colombia.

According to the journalists Gossain and Tulande, in the case of the call to RCN, it came from the same individual who had made the contact 34 days earlier in the name of the Mecal group. There are no tape recordings of this contact among any of the news media.

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The Last Tape

"This is the second strike that we in the Dignity for Colombia group are making. The first was the attack on Cancino, (in which) the triple SOB was saved, but we brought down two of his guards... Today, we have brought down Mr. Gomez Hurtado, a friend of Mr. Samper and a prominent person in this country. The third strike will cause an even bigger bang..."

In a threatening tone and using vulgar language, the individual on the tape recording that reached RCN said that the murder of Gomez Hurtado was "a message" for the president of the republic, for his interior minister, Horacio Serpa, and for Orlando Vasquez Velazquez, "who is a lackey attorney general."

In a direct reference to the chief executive, the spokesman for that criminal group remarked: "You, Mr. Samper, must leave the presidency of the republic, or you will witness the fall of prominent persons in this country day by day."

The anonymous speaker accused the president, the interior minister, and the attorney general of "having accrued profit with the money from the people in Cali," and of "not having the civic integrity to admit it."

In the same menacing tone, the individual on the tape added: "We shall attack, but we shall know how to do it. We won't commit the same mistakes committed by people like Pablo Escobar Gaviria (...). Beware, Samper, your days are numbered."

The threat against the president went further: "Your armored cars will do you no good when a mass of 1,000 kg of dynamite explodes against you, aimed by one of our 'kamikazes.' On that day, you will realize how stupid it was not to leave the presidency."

The subject on the tape recording also criticized representative Heyne Mogollon who, in the House Committee on Accusation, is conducting the investigation against Samper for the presumed presence of money from the drug traffic in the electoral campaign: "That Mogollon is a comfort-loving SOB," he says.

Finally, it is claimed on the tape that the attacks against prominent persons in the country will continue, despite the efforts of the Army and the police to prevent them. "Send us Serrano, send us Montenegro; those little generals make us laugh. On the other hand, gutsy people like General Urbina or (colonel) Castro were really removed, because they knew too much."

In this conversation, reference is made again to the dialogue with Tulande before the attack on Cancino; which confirms the fact that the same organization is involved. On this cassette, the discourse takes a different turn: an organization of drug traffickers is no longer involved, but rather a group called "Dignity for Colombia."

Attacks on Three Groups

Based on the tape recordings, the most logical conclusion would be that these are Valle drug traffickers who are dissidents from the Cali Cartel. But, in fact, that conclusion is so logical that it has caused the authorities not to be too self-confident.

Not everything that has been stated by this group's spokesmen has been carried out. In Thursday's statement, the spokesman for Dignity for Colombia told President Samper that he was lucky not to have gone to the Britalia district of Bogota, because he would have found out that they intended to attack him. According to officials from the Presidency of the Republic, although there was, in fact, a ceremony in that southern Bogota district, it was not specified on the presidential agenda that Samper would attend, but rather his health minister.

Among the threats made by the individual from Mecal, one attracted attention: if Juan Jose Bellini does not leave the Soccer Federation, the players on the Guild of Brazil team (a group that was visiting Colombia) "will suffer the consequences." According to the authorities, no suspicious act occurred during the visit of the Brazilians.

However, the greatest contradictions and, simultaneously, questions to be resolved by the authorities are: Why would a group of drug traffickers become transformed into leaders of public morality in Colombia? And why would the spokesman for Dignity for Colombia claim that the attack against Alvaro Gomez originated in the fact that he was a friend of Samper, when Gomez not only was dissociated from political activity, but also had been criticizing the government in the editorials in EL NUEVO SIGLO? Could it be that these claims are part of a setup, to conceal the true identity of the perpetrators of these acts? The authorities have the say.

Textile Industry Still Awaiting Recovery

96CA0054A Santa Fe de Bogota SEMANA in Spanish 14 Nov 95 pp 72-73

[Article: "Frayed"]

[FBIS Translated Text] *Despite the announcements of government aid, the Colombian textile manufacturers are continuing to post profit and loss operating results in red ink.*

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The 5 July date is engraved in the minds of many textile manufacturers. It is the date on which the first Sectorial Agreement designed to improve the textile sector's competitiveness was signed by the government and the sector's industrialists. Besides serving as a navigation chart mapping the entry into the next century, the Agreement was read by the Colombian Textile Manufacturers Association [ASCOLTEX] as a recognition. It was a clear response to the clamor of the four years of uncertainty since the start of the process of liberalization of the economy.

With the signing of the Agreement, the manufacturers' expectations skyrocketed. They rose to such heights that the sector's three biggest companies—Coltejer, Fabricato, and Tejicondor—felt fully confident of closing the year's third quarter operations needing only black ink to post their net results; but that did not happen. Losses totaled 1.311 billion, 3.894 billion, and 5.305 billion pesos respectively. Worse yet, the situation is not expected to improve substantially in what remains of this year. It is a very delicate situation for the president of Coltejer, Rene Gomez, because "with the measures the government had announced, the company had expected to be in the midst of a full recovery by the end of 1995."

The domestic industry's share of the market continues to shrink. Figures released by the National Department of Statistics indicate that domestic demand in the fashion clothing sector has dropped by some 16 percent in 1995 as a result of smuggling. And this notwithstanding the measures, 12 in all, adopted by the government in November of last year to stamp out this scourge. The Association attributes this situation to what it considers the lack of commitment this year, on the part of the DIAN [National Directorate of Taxes and Customs], to enforcing these measures.

"The previous head of the Directorate had promised to enforce these measures, but he left the DIAN, and it took the Administration four or five months to appoint his replacement. The DIAN is now totally absorbed in the tax reform studies," says the president of ASCOLTEX, Ivan Amaya. Illogically, according to the manufacturers, one of the worst things the government could have done was to neglect the fight against smuggling, especially considering, says Rene Gomez, "the amount of revenue the state is failing to receive as a result of all the goods being smuggled into the country paying no tax whatever."

Although the manufacturers expected results to follow immediately, as indeed occurred in the 1974 and 1982 crises, the results will actually be visible only after a period of several months. The DIAN asserts that since the smuggling that hits textiles the hardest is of the technical type, which enters the country under the guise of legality, the importers have to be tracked in order to be able to compare the costs of their merchandise with the established minimums. Other factors have further delayed the process, such as, for example, the slowness of the linking up of the certifying companies and customs brokerages, owing to the host of requisites having to be complied with. To put the final touch on the mountain of ills, the adoption of any program is being greatly delayed by the virtual dismantling of the customs system that has taken place.

But if things are not going well from the standpoint of action against smuggling, they are doing no better from that of customs tariffs. One of the points contemplated in the July Agreement was the filing of a request with the Cartagena Agreement Commission for a reduction of the duties on polyester and cotton, such as would help to lower production costs. The delay in processing this initiative has further contributed to the discontent of the textile producers, because, according to Jorge Restrepo, the president of Fabricato, "tariff reductions have already been granted on products for which requests were submitted after ours: wool, for example."

According to statements by the Ministry of Development, the wait for the reduction of customs tariffs will not be eternal. In a dialogue with SEMANA, Development Minister Rodrigo Marin Bernal himelf pointed out that the lowering of the tariff on cotton, from 16 percent to 5 percent, has already been agreed to by the Higher Council of the Agreement, and that the lowering of the tariff on polyester is currently under consideration. In Marin's view, the textile manufacturers' claims that the government has failed to carry out its undertaking under the Agreement are unfair. He asserts that the government has fully complied with its undertakings, and cites as one of the current Administration's achievements the acceleration of the devaluation.

Paradoxically, although the Association had repeatedly requested this change under the instruction of the government's currency exchange policy, the present devalued rate of exchange is actually hurting the manufacturers' short-term balance sheets. Abel Perez Gil, president of Tejicondor, explains this seeming contradiction as stemming from the fact that: "The textile sector's debt in dollars is high, and the third-quarter devaluation therefore has had a negative impact on our profit and loss accounts. The benefit of the devaluation will be felt down the road a bit, as smuggling gradually becomes more costly and our exports gradually increase."

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Balance Sheets of the Big 3 - a/o 30 September 1995

(In Millions of Pesos)

COMPANY	SALES	ASSETS	NET WORTH	PROFITS
Tejicondor	37,672	135,545	93,346	-5,305
Fabricato	114,951	316,747	162,342	-3,894
Coltejer	178,538	623,761	392,592	-1,311

Source: Companies

Indeed, in the present economic situation, exports have been the textile manufacturers' lifeline. With domestic demand falling precipitously, the manufacturers' sights turned toward the North and South American and East European countries. This year, the big three domestic manufacturers expect to sell over 25 percent of their production in these foreign markets, while Lafayette expects to export 14 percent. Jorge Restrepo acknowledges that "if Fabricato had not deployed as substantial an effort as it did in the first half of this year to sell its product abroad as the domestic market shrank, it would now be in very deep trouble."

Be that as it may, although the textile manufacturers come down hard on the government because it has not yet begun to implement the promised measures to surmount the crisis, the outlook from the standpoint of their long-range plans is not all that bright, particularly insofar as concerns credit facilities. Although the loans from the IFI [Industrial Development Institute] have already been granted, Abel Peres of Tejicondor deems that the terms and conditions under which they were obtained were not the most favorable. "The DTF [business loan discount rate] plus seven points is one of the highest financing costs we have," he says, "and the amount of available financing is insufficient." To this complaint, the development minister responds: "Those are the market costs. Moreover, Fabricato and Tejicondor were both granted additional time in which to attain the capitalization called for by the Agreement."

In any case, the industrialists feel like they are the only ones pulling the weight of the tripartite agreement. Referring to their aloneness in this respect, the president of Coltejer says: "since the workers have not signed the Agreement, and the government has not implemented its undertakings, we are actually dealing with a unipartite agreement with which only we textile manufacturers are complying."

The downpour of complaints on the part of this industry, however, is by no means synonymous with a loss of its own confidence in its future. "I cannot even begin to think that the government will continue to turn a deaf ear toward us," says Jorge Restrepo, "given that this is not a problem that affects the textile sector alone. It began with cigarettes and liquors; next came textiles, shoes, and leather goods. What is being generated," he says, "is a trend toward a disrupted economy. And obviously that trend must be halted. Otherwise, all the productive sectors will be affected."

Ecuador

Government Minister: Duran-Ballen 'Will Not Resign'

PY2811231595 Madrid EFE in Spanish 1434 GMT 28 Nov 95

[FBIS Translated Text] Quito, 28 Nov (EFE)—Government (Interior) Minister Javier Ledesma said today that Ecuadoran President Sixto Duran-Ballen will not resign—as several political sectors of the country have requested—over the corruption scandals that have shaken his administration.

The minister said: "Out of tolerance we respect different criteria, but the president will not resign. During the last nine months of his administration he will not cease his actions, quite the contrary, because an intensive program to increase work has been started with various sectors."

During an interview granted to the Gamavision Television Network, Ledesma said: "I respect other criteria, but do not think that because the country disagrees with the plebiscite means it is asking the president to shorten his term (the end of his mandate), which would be an act of irresponsibility towards Ecuador."

The still unofficial results of the plebiscite on 26 November—in which the Quito government suffered a harsh defeat through a majority no-vote to the reforms to the Constitution proposed by the executive branch—has been interpreted by various local analysts as "punishment" for Sixto Duran-Ballen's administration.

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Before and after the plebiscite, former Ecuadoran President Rodrigo Borja asked Duran-Ballen to resign because he "covered up the sewage" of the vice presidential discretionary funds issue that is currently the subject of a judicial investigation.

Borja said: "The president of the Republic must resign. A man who has covered up the sewage of the discretionary funds cannot stay another minute. This must end, the president of the Republic has lost his ethical status, the moral authority to run the country."

The former president (1988-92) said Duran-Ballen must resign "out of respect" and if he does not, the Ecuadorans should force him out of his post because "we cannot have a president who desperately covers and conceals the use given to discretionary funds."

Several other politicians, among them Frank Vargas, presidential candidate for Ecuadoran Revolutionary Popular Action (APRE), have also requested Duran-Ballen's resignation.

Minister: Government To Abide by Results of Plebiscite

PY2811172295 Madrid EFE in Spanish 0039 GMT 28 Nov 95

[FBIS Translated Text] Quito, 27 Nov (EFE)—Government Minister Javier Ledesma said today that the Ecuadoran Government will abide by the results of the plebiscite held on 26 November in which, according to preliminary results, the "no" vote won over the government proposals for constitutional reform.

"We will fully respect the people's vote and we will adapt our actions to the decision made by the Ecuadoran people," said Ledesma in a news conference.

Ledesma said that if the victory of the "no" vote is confirmed, President Sixto Duran-Ballen will have to veto the constitutional reforms approved by Congress before the plebiscite and which are related to the issues included in the plebiscite.

Ledesma was referring to the reforms concerning the creation of the Constitutional Tribunal, the decentralization of the public administration, and the prohibition on paralyzation of public services, which were approved by Congress and included in the plebiscite.

Ledesma added that "the president must act in concert with the people's decision"; therefore, "these three issues will have to be vetoed."

Before Ledesma made these comments, the only government official to have talked about the results of the plebiscite was Carlos Larreategui, public administration secretary general, who said that the no vote was not "a defeat for the government," or "a plebiscite against the government."

The Ecuadoran people voted "no" to the 11 questions on constitutional reform that were proposed by the government, according to the results of an exit poll.

Larreategui asked that the plebiscite's preliminary results be kept confidential until the final count is made official in about 10 days.

The constitutional reform proposals included in the plebiscite include authorization for the president to dissolve Congress only once during his administration, the privatization of the social security system, and the reform of the judicial branch.

Pacification Talks With Peruvian Ministers Set for 3 Dec

PY2811194895 Quito Voz de Los Andes in Spanish 1700 GMT 28 Nov 95

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco will travel to Peru on 3 December to participate in the meeting of foreign ministers of the Amazon Pact member countries.

At the same time, Leoro Franco will meet with Peruvian Foreign Minister Francisco Tudela to outline the mechanisms for the diplomatic negotiations between the two Andean countries following the border clashes early this year.

Leoro Franco stated in Quito that the talks will focus on the sixth point of the Itamaraty Peace Declaration, which will be implemented when the previous points of the declaration have been fulfilled, when the strained relationship has relaxed, and when a climate of friendship between the two countries has been restored.

The sixth point of the Itamaraty Peace Declaration states that Ecuador and Peru must start bilateral pacification talks.

Bank Superintendent 'Strongly Pressured' in Dahik Case

PY2811204995 Quito Voz de Los Andes in Spanish 1700 GMT 28 Nov 95

[FBIS Translated Excerpt] Former Bank Superintendent Jose Iturralde—commenting on the Dahik case at the Supreme Court of Justice this morning—told the Supreme Court president and the attorney general that the government strongly pressured him to stop him from giving the Supreme Court president the keys and code of the Central Bank safe where the microfilms are stored. He said that two months ago the Supreme Court

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president tried and failed to get to see the microfilms. [recorded passage indistinct]

After the Supreme Court president told Iturralde to disclose the names of those who pressured him to disobey the law, he said the government was responsible but asked not to be forced to disclose names because he had already made a significant contribution to this case.

Supreme Court President Carlos Solorzano said he will adopt measures in view of Jose Iturralde's charges and that in the next few hours he will order new proceedings. Solorzano refrained from commenting on the pressure exerted by the government to prevent Iturralde from disclosing the code of the Central Bank vault. He stated, however, that more people may be involved in the next proceedings. [passage omitted]

Welfare Minister on Changing Social Security System

PY2911000995 Quito Voz de Los Andes in Spanish 1700 GMT 28 Nov 95

[FBIS Translated Text] Social Welfare Minister Alberto Cardenas categorically asserted that neither those who voted "no," nor those who voted "yes" are happy with the social security system. Thus, he said, it should be modified.

Cardenas said the fact that the "yes" vote won [as heard] is neither here nor there, it is the result of the people's will. He announced that a high-level commission with representatives of various political trends will be created to draft a modernization project. (Rene Molle), former candidate to the presidency of the Republic for the Broad Front of the Left, former minister (Luis Mancero), (Francisco Diaz Garayco) will comprise the commission.

Cardenas explained that under the current circumstances, the legal framework must be modified and new draft bills to allow for radical changes in the social security system must be proposed.

Peru

Finance Minister on Keeping Economic Policy Guidelines

PY2811173295 Lima LA REPUBLICA in Spanish 2 Nov 95 p 2

[Article by Vidal Silva]

[FBIS Translated Excerpt] Economy and Finance Minister Jorge Camet said yesterday that it was necessary "to keep the guidelines" of the economic policy, improve the economic reforms, and renegotiate the Peruvian foreign debt with the Paris Club to continue on the path for development.

In a teleconference transmitted from Tokyo via satellite to the site where the 33d Annual Conference of Business Executives (CADE 95) is being held, Camet was emphatic in pointing out that "we will not take a step backward in any of the reforms; on the contrary, we will improve and institutionalize them."

He noted that one of the priorities for the government to face the challenge of sustainable development is the eradication of poverty, the improvement of human resources, and the improvement of salaries among poor sectors.

"I am convinced that sustainable development cannot be achieved without social development," said Camet, who added that poverty in Peru has been reduced from 55 to 49 percent, according to studies made by the World Bank.

To do that, he said, it is necessary to have more efficient social spending and to replace the budget control system, based on recording income and spending, with a budget that evaluates and rewards efficiency.

Camet said he visited France, the Netherlands, Germany, and Japan, where officials were surprised by the changes in Peru. This surprise at changes was prompted by the existence currently of stability, security, growth, and confidence, and the fact that Peru has carried out the most profound and quickest reforms in Latin America.

Camet also noted the benefits of joining the Brady Plan after the negotiations that ended in New York last week. In this regard, he said that the creditors Ferrostal of Germany and Japeco of Japan participated in the negotiations for the first time.

Peru has a debt of approximately $300 million with Ferrostal for the purchase of submarines, and approximately $800 million with Japeco for the construction of the North Peruvian oil pipeline.

"Peru showed the world that it has a serious and responsible government and that the environment of trust with regard to investment is improving," said Camet, who added that effort must be made for the development of domestic savings to prevent problems concerning the current account balance.

Camet said: "It is necessary to change the profit oriented economy, in which success was punished and inefficiency and speculation were rewarded."

He added: "We are now in a productive economy, one that is oriented toward progress and opening, and

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toward rewarding efficiency and investments." [passage omitted]

Venezuela

President Interviewed on Economy, Elections

PA2811233695 Caracas Venevision Television Network in Spanish 2300 GMT 27 Nov 95

[Interview with President Rafael Caldera by Edgardo De Castro at La Casona, the presidential residence, in Caracas, date not given — recorded]

[FBIS Translated Text] [De Castro] Good evening, Mr. President. Thank you for receiving us in your residence, La Casona, today. This program has created great expectations because people are waiting to hear what Caldera has to say. Caldera has great credibility at this time. Whatever you say here will have repercussions and consequently a positive or negative reverberation on you.

We have many problems to discuss; please forgive me if I miss anything. I would like to begin with the so-called Venezuela Agenda. Some people say that during your campaign you said that we could not deal with the IMF because it was a scourge, that it was like cutting your head off, like putting your head on the guillotine, that sort of thing. Now, as time has passed, we have had to resort to, or we are going to resort to, or supposedly will resort to — unless you say to the contrary — the IMF. What is the reason for this? Why this sudden change?

[Caldera] First of all, I must say that I am very glad to be here, as it has been a long time since we faced each other in front of the television cameras. Undoubtedly, you have always been very courteous, and at the same time have shown keen interest and curiosity, transmitting the curiosity of your audience, which is very reasonable and just.

I want to remind you of what I said during my electoral campaign about the IMF. I said: I am not saying that it is a band of mafiosi, and much less that it is a killer bomb, as someone who preceded me said. What I am saying is that it is comprised by a group of highly qualified and competent experts who nonetheless have very limited vision. They are concerned about the monetary problem, the exchange problem, and many times do not take into consideration social factors in order to determine the [word indistinct] in different situations. I also said in my platform, which I called Letter of Intention to the Venezuelan People, that we would hold talks with international institutions in a constructive and dignified level bearing in mind the country's interests.

I believe we have achieved this. We have made of the Venezuela Agenda the basis for talks with the IMF.

Of course, had we not had the crisis in the banking system last year, there would have been no need to resort to the IMF. We were implementing the so-called Sosa plan, based on fiscal reforms. It was a merely fiscal plan, which was very successful. We must realize the magnitude of the banking crisis. I am afraid that some Venezuelans do not realize how serious this was. The crisis in the banking system affected more than half of the banks and their deposits; 16.6 percent of the GDP, which is a huge sum. It was a terrible crisis. Had we not taken measures we took... [pauses] some people said from the neoliberal economic point of view that those who negotiated with banks and deposited their money in banks which paid high interest rates, lost their money because they took the risk.

[De Castro] They said so, and still believe so.

[Caldera] They say that, but they do not realize that 3.5 million Venezuelans recovered their savings of a lifetime thanks to the subsidies given to the banks. The money had been withdrawn from the banks at the time the subsidies were granted. What was presented as a liquidity crisis or lack of funds was a solvency crisis. The balances shown were cosmetic, altered many times. I would like them to ask each one of the 3.5 million Venezuelans what would have happened to them had the country not made the enormous sacrifice to give them their money back.

[De Castro] Do you recall how much money it was?

[Caldera] It was a very large sum. It could be around 1 billion bolivares, I do not know exactly.

[De Castro] One billion?

[Caldera] One billion. It was a very large amount.

[De Castro] So this canceled all your programs?

[Caldera] We will recover those funds through the sale of assets. It has been estimated that they represent up to 30 percent of that amount, or perhaps a little more. Some people ask why have those assets not been sold? The reason is that had they been sold hastily, at very low prices, we would have lost more money, and there would have been more complaints. I asked a very serious man, who has no political links with the government — Luis Fernando Sanchez — to take care of organizing everything concerning the institution that will liquidate those assets.

We also increased taxes on banks. Their contribution to Fogade [Deposit Guarantee and Banking Protection Fund], which was .5 percent, was multiplied by four and raised to 2 percent of bank deposits. This represents approximately 100 billion bolivares a year, which means

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that this money could be recovered in approximately 10 years. Some people say that 10 years is too long, but in Chile, the crisis of the financial system was in 1982. Nine years after the Pinochet government, some of the banks that were intervened in have not yet finished paying the Central Bank the funds they received to cope with the crisis. We must understand all the factors.

Anyone passing judgment on the Venezuelan economy is completely wrong if he fails to consider three fundamental elements. There is the element of the weight of the foreign debt, which becomes more onerous as time goes by since that was the pact made to refinance the foreign debt. Second, there is corruption, which was something that did not just invade the public sector but also the private sector as well. Corruption in the financial sector is one of the most painful things that has existed in the recent history of Venezuela. Third, there is the banking crisis, the seriousness of which was truly extraordinary.

When IMF General Director Michel Camdessus visited me at my Miami hotel on the occasion of the Summit of the Americas, he told me it was a miracle that no catastrophe had taken place in view of the tremendous magnitude of the banking crisis. All of us are paying for it, all of us are suffering because of it.

But when someone tells you there is no money for hospitals but there is for bankers, there is no money for schools but there is for bankers, there is no money for public works but there is for bankers, that person is mistaken. The money was not for bankers but basically for savings account holders, depositors, people who had invested their life savings in banks and would have lost them. That is a money that has to be recovered also, but we cannot recover it in six months or one year.

[De Castro] We have to act swifter, though. Look, the Aeropostal airplanes are lying there, rusting.

[Caldera] Aeropostal airplanes are receiving careful maintenance. They are being flown and are being maintained by the same system that existed when the airline company was operating. You know what has delayed the privatization of Aeropostal airline? Legal problems. A judge who was handling the process with some swiftness was replaced. Another judge was appointed who began to hamper things, saying that she had to study the files again and had to do this or that. The process to request bids was ready, but we have to see that the judicial problem in Venezuela is what....

[De Castro, interrupting] One has to say that [word indistinct] the agenda, because, look, the final point in the letter of intent, in the agenda letter, it reads: detailed explanation to the people. The people do not know that. So, the people say Caldera is stuck with the airplanes, and you are blamed for everything. That is not....

[Caldera, interrupting] Behind the.... [pauses] If there is anyone interested in having Aeropostal airplanes flying again, it is I. I have greatly loved that airline. In addition, I have to understand the need to prevent a monopoly so we can have competition, and that there are sufficient airplanes to meet the demand. Every month I call the Venezuelan Investment Fund president. I used to call [former president] Carlos Bernardez Losada to ask him what was going on with Aeropostal. He would say: All is set, it is ready, but we are waiting because it involved a bankruptcy process handled through a court, and the judge has to authorize us to begin receiving offers.

[De Castro] The rest of the privatization processes are in a similar situation.

[Caldera] There are many privatization processes that are also.... [pauses] One cannot rush to sell properties or be pressured to sell them at any price, because then people would say that one sacrificed state property. I am looking for qualified people who are knowledgeable about the matter and are honest and also want to do it. There are people....

[De Castro, interrupting] Who back down.

[Caldera] There are qualified, knowledgeable, and honest people who do not accept or want to get involved. There are people who want the post....

[De Castro, interrupting] For other reasons.

[Caldera] Unfortunately, they offer no guarantees of having the other qualities, which they need and which are indispensable.

[De Castro] Therefore, it is important that the people know that Caldera is not out of it. He knows who is qualified and who is not. That is important for the people to know.

[Caldera] The problem of the individuals who must take over those responsibilities is tremendous. The amount of honorable people I have called to ask them.... [pauses] They tell me I am ready to help but not to take over that duty or responsibility. Some have told me clearly: No! with all the charges being made and complaints filed, if I get involved in three months time someone is going to say I stole some money. I do not want that burden. It is really necessary to see the situation.

When I was a young boy and was an admirer of British policy, I asked a Briton what was the secret of the success of British policy. He uttered a phrase; I do not know if it was his or he was quoting someone but it greatly impressed me. You know what happens?

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In my country, honest men are as brazen as rascals. Unfortunately, this does not happen in all countries. Rascals are often daring, active, enterprising, and honest people are passive, passive.

[De Castro] What a word. You just mentioned in passing the name of Bernardez, and I want to briefly refer to it. What happened?

[Caldera] We need a united leadership, a [word indistinct] coherent policy. Everybody demands it. If he did not sincerely support the policy that is being implemented and if his boss is Finance Minister Luis Raul Matos Azocar, he logically cannot remain in that post. I deeply regret it. I esteem him greatly. I consider him a competent man, but on several occasions, when he made statements, I called him to tell him: Carlos, this cannot be. I did not say that, he would say, the newspapers misinterpreted me, or this or that. But the time came when anybody who does not agree with the policy the government is implementing or that is being directed by the finance minister, to whom I give my full support and meet often....

[De Castro, interrupting] A policy that bears his name

[Caldera] That person cannot stay on, because we have to have one leadership, and that is something the whole country demands. Supporters and irate opposition alike say the government needs a coherent policy.

[De Castro] You have said that to have a coherent policy consensus is needed. I imagine that this could be done, since we are going to handle a enormous thing with the IMF, Inter-American Development Bank, the World Bank and other foreign institutions, by creating a joint commission headed by the [finance] minister and including the private sector and knowledgeable people, which could come up with a summary of good aspects.

[Caldera] We are doing that. We are constantly holding talks with the private sector. The meetings I have had with the leaders of Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], especially with its President Jorge Serrano, who is [word indistinct] and the leaders of the labor federations, especially with CTV [Venezuelan Workers Confederation] president Federico Ramirez Leon, are frequent and direct, not dramatic.

They are dialogues that seek solutions. To create a joint commission, in the terms you describe it, comprising people who have dissenting views, will lead us nowhere. We are going to lack precisely the factor I mentioned you; people want us to have coherence. Coherence entails a prior agreement on what we are going to do.

[De Castro] There has been a lot of talk about a devaluation, that it should have taken place yesterday, should have been today, that it is going to be tomorrow. In other words, that everything is in your hands. What can you say about that?

[Caldera] By the way, all that propaganda coming from the media surrounding the devaluation would seem to be somewhat suicidal, to use a word once used by my predecessor. Those who are constantly calling for a devaluation are merely calling for a situation that will simply revert to them. Paper will become more expensive, ink will become more expensive, tools will become more expensive, spare parts will become more costly, and all because the bolivar drops, and consequently the cost of the U.S. dollar increases.

This is a very serious and sensitive issue which, as many observers who either support or are against the government have already noted, presupposes several measures or policies that will be adopted. Which measures will be adopted? Whichever are required for the country's benefit. If anyone can convince me that a specific measure is efficient and essential for the country, then I am prepared to implement it. [Words indistinct] Some of them. I cannot tell you which, Edgardo, because these are things that must be decided at the moment when we have to make the decision.

To make an announcement or adopt a decision prematurely before the fact is something fatal as well as absurd. I cannot tell you either yes or no, only that we are undertaking an in-depth evaluation. It is by mere chance that we are currently at a situation where our U.S. dollar reserves are low, yet right away there are voices claiming that the currency exchange control has failed. It is not that the currency exchange control has failed. It worked to preserve international reserves. The currency exchange became more flexible.

We had a very honest, responsible, capable, and competent Exchange Administration Board [JAC]. However, it was put into a situation where it depended on government procedures so much that if the government did not issue a decree establishing priorities and requirements to grant U.S. dollars, the JAC, on its own, would be unable to reject those parties who had requested dollars. As a result, this control practically ceased to exist because it was precisely to limit the use of currency to only what was indispensable that the controls were implemented. This year, currency requirements have been greater than last year.

Venezuela is a gifted country because it is undergoing a situation other countries that have had exchange controls have never gone through. This is because of its oil, God

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bless it, which provides us with whatever is necessary for the Venezuelan economy to develop successfully.

Now, international agreements, signed by previous governments and honored by my administration, related to admittance to what is today called the WTO, prevents us from setting up what some countries may consider as discriminatory barriers with respect to their country. For example, if we decide to limit the import of whisky, right away the British ambassador begins to protest, and whisky exporters in Britain will take us to the WTO demanding to know why we are establishing barriers to the import of whisky. It is the same with the import of perfumes from France. If we decide to restrict currency to perfume and wines producers in view of the fact that these goods are not considered essential items, then we can be taken to the WTO. The government then is in a position where it cannot discriminate as relates to imports.

Nevertheless the JAC, whose members I respect very much, friends of mine and some very respectable individuals such as Mr. Maza Zavala, Mr. Roque Corredor, and Pedro Miguel Fareles, contended that if the government did not issue a decree they could not hold back from granting currency. For example, if currency was granted to import grain that exceeded Venezuela's traditional need for grain to make bread by 50 percent, then what would take place with the grain? Some claim that a portion of it was sold to other countries and a profit would be made by taking advantage of the difference between the official exchange of 170 bolivares, and a sort of lateral exchange rate that began to appear and which in a certain way was formalized by our experience with the Brady bonds, something which I still do not have too clearly.

[De Castro, interrupting] Then this is where the problem comes from, Mr. President.

[Caldera, interrupting] We then have to go to the IMF, but we are going there to talk, to explain our point of view, our situation. I am more knowledgeable about Venezuela than Mr. Camdessus. I respect Mr. Camdessus' technical expertise tremendously and his recommendations on financial matters are extremely valuable. However, my knowledge with respect to my country.... [pauses]

[De Castro] [Words indistinct]

[Caldera] It has been 50 years of struggle in this country, and of course, it is my obligation to provide my people with answers, and adopt positions which will definitely not please everyone, since some would want an extreme solution and others would want something else. On many occasions the right solution lies precisely....

[De Castro, interrupting] They would seem to be sowing discord, Mr. President.

[Caldera, interrupting] Edgardo, I want to say the following: At the Fedecamaras inaugural assembly in Maracaibo, I [words indistinct] and said: It is very easy for an architect to make a house. They tell him: We have this lot. Our family has these needs. We have so much money to build the house. We want this or that comfort. Based on the conditions he has been given, the architect then drafts his project and builds the house. It is much more difficult for an architect to rebuild a house. Making changes to a house requires sacrifices, commitments, demands that are very uncomfortable. It is even worse if the house that has to be rebuilt, where changes must be made, has people living in it. This is exactly what we have to do.

We have to reconstruct a country with the people living in it and we have to consider, many times, that....

[De Castro, interrupting] We are living in it.

[Caldera, interrupting] ....if we have to bring down a wall it will fall on many people who will suffer because of this action. We have to take care of those people. Of course, there are people who tell you — and, theoretically it is very pretty — let us destroy the house, do away with all this, and start again. My God! We cannot do this. It has been tried several times in Venezuelan history, and the results have always been very regrettable. Those gentlemen who are in this painting [not further identified] could tell us how many times attempts were made to knock down everything and how the results were very, very painful.

[De Castro] They are also witnessing your statements here at La Casona tonight.

[Caldera] Right.

[De Castro] Now, back to what I was telling you. We already know there is a competent commission studying a possible devaluation. It will determine if it can or cannot be done, render its recommendations, and so forth. However, in that interim, people are, supposedly, buying Brady dollars. Thus, the merchandise they bought at 170 [currency not specified] or, perhaps, had in stock [previous word in English] at 430 is being sold at 330. Who is losing with all this? The people who trusted you are the ones who are losing.

[Caldera] Well, this is a very curious situation, Edgardo. One of the biggest attacks against the government is that it has controls and needs to eliminate them. The amount of staple products that have price controls do not amount to more than 40. Now, regarding articles that are not regulated, for example, if you buy a television set — this

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is a current example — its price is not regulated, and they sell it to you at a higher place because of the report that the price of the dollar has increased. However, if a devaluation goes into effect, do you think they will retract? Do you think they will decrease their prices? We have to take the current situation [words indistinct].

[De Castro] No, it is already high.

[Caldera] The current cost of living in the world, in Latin America is very serious. Look, up to December 1964 [year as heard], Mexican President Salinas de Gortari's policy was made an example. People, distinguished Venezuelans, who went to that country, came back saying: Caldera has to do the same thing Salinas de Gortari is doing. Why are they silent now? Why don't they say something? Why don't they talk about Salinas de Gortari now?

Argentina, a country that has an economic policy that managed to stop the devaluation, has a cost of living that is much greater than the one in Venezuela. A small cup of coffee costs you $2 or $3, that is 500 bolivares.

[De Castro] How do those people pay?

[Caldera] What?

[De Castro] To see if we....

[Caldera, interrupting] What is their unemployment rate? I am not going to discuss figures, but the house poll done in Venezuela, which has always been the most trustworthy, indicates that our unemployment rate does not exceed 12 percent. It, nevertheless, worries us and we have to confront it. However, Argentina has a 20 percent unemployment rate, and President Menem himself has admitted that it stands at 18.9 percent. This situation is the same all over the world. In Europe, the European Union has an average unemployment rate of close to 20 percent. The situation is very bad in Spain, and if they did not have such a good social security system, God knows what would have happened there.

We are living in a world of difficulties. We do not hide our situation. However, we tell the country that we are working, struggling, taking measures, confronting the situation. I assumed this responsibility to be able to respond to my country. I will do whatever is necessary and will look for cooperation from all those who want to help. But, do give me a hand. What I resent is not that I am attacked. I do not care if they attack me. I have been receiving all kinds of attacks for 50 years.

What angers me is that they are trying to deprive the country of its will to overcome the situation. When a man goes and tells investors abroad: Don't invest in Venezuela because it is not a good place to put your money, I feel like executing them. I once called them traitors to the fatherland, and I was not referring to those who criticize the government's economic policy. I was referring to those who go to New York, London, and Tokyo and say do not invest in Venezuela. They are enemies of the country. We have to raise the people's will to be able to overcome this situation. I am sure we can make it, because we have young, talented people and many other positive elements.

There are things that seem anecdotal, but they stand out: the victory of the young baseball team at the youth World Series; the performance of our juvenile orchestra, which moved the UNESCO people or the United Nations people in New York. They did not come from nowhere. This is a country that has resources and a will to overcome the situation. This country is asking us to give them a message of faith, confidence, a message that will tell them that we are not the worst country in the world. We are having difficulties but we will overcome those difficulties, because we have the means to do so. We have to unite our wills; we must have solidarity in the country to be able to get ahead.

[De Castro] To what you have stated we add the visit Miss World [previous two words in English] paid you at noon. She is a source of pride to the country....

[Caldera, interrupting] A Venezuelan beauty....

[De Castro] She came accompanied by (Dr. Baldasano), (Ormel Sousa), and (Mrs. Morley).

[Caldera] It seems it is not by accident that we win so many beauty titles in the world.

[De Castro] President, you have just talked about Venezuelan beauty, and the truth is that this girl, Jacqueline Aguilera, confirms it. However, you have said all this precisely in front of this beautiful painting. You gave the idea to painter, Don Tito Salas, so it is your inspiration. It depicts predecessors, all very important men, who occupied the presidency of the Republic up to 1900. Who would you say are the three most important in this painting? I want to include your answer to another question.

[Caldera] Bolivar, of course.

[De Castro] Elementary.

[Caldera] The two central figures on both sides of the painting are on one side, Jose Antonio Paez, who represents the first phase of the Republic of Venezuela's history and on the other side, Antonio Guzman, who was the one who had to start tightening things after the federal war broke all controls in Venezuela. The federation was implemented in such a way that General Falcon, Marshal Juan Crisantemo Falcon, president of

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Venezuela, did not have the time to go to the states to get them to make peace, and there were states making war against each other. I laugh with bitterness when I read the history of the war between the states of Yaracuy and Lara. This war ended with the Guama treaty. It was something ridiculous, absurd. Such federalism, the decentralization that was furthered in such an inefficient manner resulted in Juan Vicente Gomez, who was the great centralizer. He came and had to tighten things. He had to constitute a true army of irregulars in the different provinces. He had to create a united national treasury. He had to tighten things up and did so with terrible harshness and cruelty during [words indistinct]

[De Castro] What is your position in this regard?

[Caldera] I am a strong supporter of decentralization, and my government has been implementing an effective decentralization program. Regarding public health, for instance, those states which have already been assigned responsibilities in this area constitute the majority, and other states will follow suit. The same applies to various public services. Nevertheless, the Republic is undivided, and the governors — both the current ones and those who will be elected by the Venezuelan people — must understand that the government must work harmoniously. Those governors who [word indistinct] and who use all their energy to blame the central government, not only neglect their corresponding responsibilities, but they are also unpatriotic.

Concerning the issue of security, for instance, it is indispensable to reach an agreement between the national government, the state governments, and the municipal governments. The state police forces have a total of 50,000 officers, and actual responsibility lies with them. When the crime rate increases in any place, people do not complain to the state governor, they complain to the national government. However, in any given state, the national government only has representatives of the DISIP [Directorate of Intelligence and Prevention Services], which is a political and investigative police; the PTJ [Judicial Technical Police], which is a judicial police charged with clarifying crimes; and the National Guard, which we must often give support because it is the only organization that can keep order. What about the responsibility of the state police forces and that of the governors?

[De Castro] How would you solve this situation?

[Caldera] The solution is a harmonious effort. The solution is that those governors who will be elected by the people understand that they must work harmoniously — with all the autonomy they [words indistinct], but in harmony with the national government.

[De Castro] The problem is that we cannot assign a policeman to every citizen. The other day, I was talking with Federal District Governor Asdrubal Aguiar about this, and we concluded that that is impossible.

[Caldera] [Words indistinct] The crime issue is the most serious one we are facing. In the past year, the rate of car thefts has gone down 20 percent; homicides, by 30 percent; and other crimes, 40 percent. However, we still have much to be worried about, because the crime rate is on the rise. We are purging the police bodies. In the specific case of the Metropolitan Police — an organization whose members we have tried to [words indistinct], motivate, and provide social benefits — we have already had to fire more than 500 officers. Most of these officers have been taken to court, because corruption charges against them have been confirmed. This does not mean either that we have launched a witch hunt: the officers have not been kicked out. The purge of the police bodies has been one of the most [word indistinct] tasks being undertaken by the current administration. Are we pleased with the fight against crime? No. Are we pleased with our jails? The problem of overcrowded jails....

[De Castro, interrupting] [Words indistinct] this weekend.

[Caldera] Not enough jails were built to keep up with the population growth [words indistinct] that resulted from drug trafficking and other circumstances. Currently, an autonomous fund has been created for penitentiary institutions. The purpose of this fund is to sell certain jails located downtown — where large development projects, shopping centers, and residential areas can be built — and use the profits to build modern and more spacious prisons in the outskirts of the city. I believe it is an outrage that Catia Prison, a facility faced with a serious problem of overcrowding and outrageous living conditions, is located right in downtown Caracas. Prison guards were earning miserable wages; nevertheless, they sought those jobs badly. Why? Because of the payoffs, because there was a chance to obtain money from the prisoners themselves for taking them to court or for providing them any sort of service.

[De Castro] And fully aware of this, the government was [words indistinct]?

[Caldera] The government has been purging its ranks thoroughly and increasing the remuneration of the guards. [Words indistinct] who earned 12,000 bolivares per month. However, I have heard that they earned large amounts of money from selling them weapons. What is the reason behind those violent incidents in our jails, for instance, in Catia Prison? Because the inmates are getting their hands on weapons. How do

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these weapons make their way inside? They are obtained clandestinely. The inmates pay for those weapons and [words indistinct]. All of these factors that characterize the current situation in Venezuelan prisons are truly appalling. However, we are building, for instance, in [words indistinct] that will somewhat alleviate the overcrowding. We are also trying to rehabilitate El Dorado correctional institution to send some prisoners there, which is, after all, [words indistinct].

[De Castro] Let Justice Minister Ruben Creixems talk about that.

[Caldera] [Words indistinct], but no one heeds it. [Words indistinct] I have made statements on this, but the people, the media downplays the significance of this issue. The media gives more coverage to other news, such as the time 28 people were buried by a mudslide [words indistinct].

[De Castro] [Words indistinct]

[Caldera] The media does not focus on the positive measures being adopted to resolve the situation, but after all, Venezuelans have had some sort of inferiority complex throughout our history. The only time we have truly felt proud of ourselves was when we gained our independence. After that, if one asks a Venezuelan, he speaks disparagingly about Venezuela and says that this is a country where no one can live.

There are even polls, which have been disclosed by the press, indicating that there are Venezuelans who would rather go live in Colombia. This is an unusual occurrence if we consider that more than 1 million Colombians live in Venezuela [words indistinct] arrived illegally to live here. How can we explain this situation?

Well, even though we have an insecurity complex — which we must fight — the country has human resources and potential. On Saturday, I read an interview with the president of the Inter-American Development Bank [words indistinct].

[De Castro] I have it here.

[Caldera] In general, he says wonderful things about Venezuela.

[De Castro] Here he says: There is a very good climate to understand the Venezuelan situation. His instinct tells him that a solution will be reached in a few weeks. In other words, it is obvious that these two or three lines carry a well-meaning message.

[Caldera] There is praise for the policies we are conducting. There is respect for the discussions with the IMF based on gradual measures, which are part of the Venezuela Agenda. There seems to be an interest in denying all possibilities for Venezuela. Look at tourism, for example. Some people say that Venezuela is a country in which you cannot live. It just so happens that a total of 600,000 foreign tourists visited the country this year. It is the highest figure ever recorded in the country.

The governor of Merida State inaugurated a new psychiatric hospital, which is the best in Venezuela and one of the best in South America. Construction of the hospital began in 1980. It took 15 years. If construction would have continued at the same pace, the hospital would not have been ready during my term. I told the minister, we have to finish that hospital. We inaugurated it and it was a model hospital.

The governor of Merida State, who by the way has not been [words indistinct] in the last few years, told me that 50,000 foreign tourists had visited the state, but listen to this: more than 1 million Venezuelan tourists visited the state. If Venezuelans are visiting the state in such large numbers, if they are also visiting the eastern beaches and Margarita Island, it means the situation of despair, grief, and terror is not compatible with that idea. These tourism figures are representative.

An important Spanish newspaper published terrible articles on the situation in Venezuela. The articles were written by their correspondent here. The best answer came when the prince of Asturias; the Spanish princesses, the Borbons; the Duke of Lugo, and one of their cousins who is the prince of Greece wanted to come here to spend their vacation in Venezuela. They visited [words indistinct], Angel Falls, and [words indistinct]. They also visited one of the islands, La Tortuga Island. As was natural, they accepted an invitation to visit me before returning. A picture of the visit was published in the Spanish media. It was published in HOLA, ABC, EL PAIS, and other newspapers. That was the best response.

This is the country in which you said, some newspapers said, you could not live because violence was killing this country. We have positive things to point out. Investors are frequently visiting Miraflores Palace to say that they are interested in investing in Venezuela.

I have visited Monagas State to inaugurate industries of all types. I inaugurated the [word indistinct] plant in the field of petrochemicals. There is a glass factory that is exporting glass in large quantities to Brazil and the Andean countries. We inaugurated a plant for the processing of yucca to produce starch. There are large yucca plantations and great production expectations.

I am constantly visiting different parts of the country. The day before yesterday, I participated in the inauguration of the [words indistinct]. A private sector com-

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pany took over and has guaranteed that production will increase because they will make investments for a few million dollars. This shows that there is movement in all states of the country. There are investors coming here, but the media keeps publishing articles saying that XX Firm, usually a name in English, because it is more attractive, says that Venezuela is a country where you cannot invest.

[De Castro] All of these projects, all of these inaugurations, all of the projects about to be inaugurated, how do they benefit the people who are watching the program? They want me to ask you, Mr. President, how do these projects fill their stomachs? There is a saying: there is always a happy heart with a full stomach. If this saying is true, and I believe it is, then there would be no problem, but what would you tell these people?

[Caldera] These projects generate jobs. They generate wealth, but we are also taking care of other important aspects in the country's life. The construction of houses means the [words indistinct] has not stopped. What does a house mean? It means a greater guarantee for families, a greater guarantee for the ecology, and greater possibilities for jobs and consumption of materials. We are developing a plan for the barrio, which some criticize by saying the barrios should not be improved on, that the people should be evicted. Critics do not realize that we are talking about millions of people. These people have made huge investments in labor and capital to make their homes, many of which have the essentials to live. These barrios need better streets, they need running water, they need a community center, where they can meet to talk about their problems. They need a chapel, a school, a drugstore.

It is a demanding program, but these things are being done as much as possible.

Of course, the problem of the neighborhoods in Venezuela is a huge one. It requires a lot of determination, which we have.

We are creating support markets [mercados solidarios]. Some initiatives are fabulous. I would like you to visit one day a new cooperative center called Copecentro located in Sucre Avenue, in Catia.

[De Castro, interrupting] The Calani center?

[Caldera] Aristides and Adelita Calani, because we did not only want to honor Aristides Calani, who was a great man, but the great couple made up of Aristides and Adelita Calani. It is a modern and well-equipped center. A man who buys food for the personnel that takes care of my farm in Cinajero told me that he went there to shop and was greatly impressed because he saved money. He gave me part of my money back, and said he had bought better things. Well, this is one example. Let us multiply them [words indistinct] but all this requires effort, understanding, and solidarity, because we are struggling to put the nation back on the right track again.

Look, when someone asks me what the government has done in 20 months of government, it would suffice to say: We have maintained peace, political peace. We have given everybody freedom to protest, to make charges...

[De Castro, interrupting] Exposing themselves...

[Caldera] When those charges are clarified, the ones who make those charges never recognize their mistake.

[De Castro] They do this and expose themselves, Mr. President.

[Caldera] Well, taking risks is natural and necessary; it is part of a struggler's life.

[De Castro] [Words indistinct]

[Caldera] Yes, sir.

[De Castro] Now, I mention elections. There will be elections this coming Sunday. It has been said already that, according to the results there will be a reshuffle in the cabinet, maybe a government of consensus [gobierno de concertacion]. I recently read an article by Lozada [not further identified], I believe it was Sunday, who mentioned a possible cabinet of unity [gabinete de enrosque] and that sort of thing, which by the way was not badly received. I say this because I have commented on it to several friends.

Is there any truth to that? Do we have a national consensus? Will the cabinet be reshuffled or whatever you want to call it?

[Caldera] Edgar, the cabinet thing is an ongoing pastime in Venezuela, similar to betting on races; everyone publishes his bets to see if it works. How many horses, how many ministers will he get right? Then he begins to make assessments and analysis to see how things will turn out. What I can tell you is this, elections are one thing and the cabinet another. The makeup of the cabinet is not at stake in the elections.

Let me tell you one more thing. I could, according to some, summon the political parties represented in Congress and say, you have two ministerial posts, you have two, you have who knows how many. That would make it easier for me, because Congress would approve every bill I sent without discussion.

Is that what the country wishes? Is that what the country wants? Does it want government (?posts) carved out

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among the parties in the Congress? Does it want a carving out of possibilities and posts?

[De Castro] With the danger of....

[Caldera, interrupting] What the country wants is for those parties that are greatly influential in the country to recover their credibility and act in such a way that the people can again have faith in them so that they can truly be the basis of democratic institutions and democracy. One of my commitments is to leave a strengthened Venezuelan democracy. When this five-year period ends, I want Venezuelan democracy to be established on firm bases, on the bases of popular consensus, popular participation, something that is indispensable.

To achieve that one must not take a heavy hand or take measures for the sake of it. My father-in-law was a physician and used to say that the physician who knew nothing would give many prescriptions to the patient and often killed him. A physician has to study his patient's condition, know exactly what he has, and prescribe what is appropriate. In some way, the president is a physician. He has to be taking the patient's pulse all the time, watch closely the situation, and decide on something he is convinced — he may make a mistake, since that is human — but he must be convinced that that is what the country needs.

Often, one must not choose what is best but what is least harmful. Seldom does one have to choose between this or that; this will produce this or that consequence, and that thing will produce this or that consequence, and one has to weigh what one should adopt so that the country suffers the least possible harm.

[De Castro] You are a man who is a veteran in politics. That is why I said at the beginning of the program that you want to leave office with a clean record after two presidential terms in office as a builder of Venezuelan democracy. We are clear on that and the people who are watching the program know that. Caldera will not carry out a crazy act. The people know about that and they trust you in what you are saying tonight. What happens is that democracy is often atrophied by those who offer impossible things.

I heard a candidate over the radio this morning offering two school shifts for the Caracas Municipality, but Fernando Egana, minister of the Central Information Office, told me that municipalities are not in charge of schools. How can they promise those kinds of things if they cannot be done? It is as if you said: Let us place a crystal dome over Caracas to have a perfect climate during the entire year. It cannot be done. That is one of the things we must watch out for.

[Caldera] You are right. That is why many people say the president must do this and that. I listen to the things people ask the president. Some of them are reasonable suggestions. Other suggestions are mere illusions. I am a man who knows and loves his country deeply. I am convinced about what the country needs. I know I have a very difficult task ahead. It has been a difficult moment, but it is a moment we are going to overcome because we have the will. My duty is to convince Venezuelans to make contributions instead of pulling out their hair and publishing negative news every day. Someone told me there were brother countries in Latin America in which there is a consensus between the president and the media to stop publishing crimes in newspapers. The crime rate in those countries has gone down. Mussolini did it in Rome once. He banned the publication of suicide cases and the suicide rate dropped considerably. Here we are determined to say that Caracas is the most dangerous city in the world. Crime statistics in Caracas are far below those in New York and Washington, not to mention sister cities in Latin America.

[De Castro] The crime rate is not higher than the rate in Bosnia. That is the problem. The people are aware of that.

[Caldera] In Bosnia there are hundreds of thousands of deaths. This is what happens when statistics are disclosed. There is poverty in the country but the poverty levels do not coincide with those disclosed by serious organizations and by the Family Ministry. All of a sudden they tell you that 50 percent of all Venezuelans are jobless and the statistics of the OCEI [Central Statistics and Data Processing Office] say the rate is over 10 percent, not even 12 percent. They repeat those figures often. It is unfortunate for people to be saying we are on the brink of a social explosion. Damn it! We are not on the brink of a social explosion because the Venezuelan people do not want that and because they know that their problems will not be resolved with a repetition of what happened in February 1989.

[De Castro] You know that people do not want that situation?

[Caldera] The proof is that people have issued calls for violence. Supporters of violence have joined together and have called on the people to carry out violent actions, but the people have not heeded these calls because they do not want violence. The people know that violence brings nothing. The people want to know that the leaders of the country are fighting for them. We cannot give them everything they want but we are making a great effort to correct and improve the current situation.

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[De Castro] I have two more questions before ending the program, because the night has come upon us. What about your relations with Congress in view of the fact that you have appointed former Health Minister Carlos Walter to the cabinet? He has now been appointed minister of state for social security affairs. We hope this man will be illuminated so that he can fix the problems that have existed for 40 years. That is one question. I will ask the other one later. What do you think will happen between Congress and you?

[Caldera] My relations with Congress are quite good, even though the spokesmen of the various factions in Congress thought it was necessary to unleash a series of attacks and criticisms against the government. The case of Dr. Carlos Walter is very simple. I heeded Congress' decision, but I am convinced that it was a political decision. I am not going to judge the political reasons behind the decision, because I do not want to get involved in that controversy, but the technical organizations, the World Health Organization, the Pan-American Health Organization, the National Health Council, the Medical Federation of Venezuela [Federacion Medica de Venezuela], all approved of Dr. Walter's conduct. Should I allow this man to be eliminated and destroyed in life? Should I give up on using the capabilities this man has to face the current situation at social security? To face the current situation at social security, you need proven honesty.

There has been a generalized and sustained corruption at social security for many years. This man must have sufficient character to face the situation. He must be a man above suspicion. They cannot prevent me from appointing him. There is no life sentence in this regard. He was dismissed from the Health Ministry, but they cannot tell me this man has been eliminated for good.

[De Castro] What he will eliminate will be the differences?

[Caldera] Of course, differences can be ironed out. The appointment of the doctor was well received.

[De Castro] He deserved it.

[Caldera] Exactly.

[De Castro] The final question. They are telling me you have other appointments. I cannot disregard the case of Colombia, the poppy growers. They say vehicles are on their way here, but we have not even seen a screw. What is going on? Now they say that 300 km of border landmarks will be placed. What is the truth about your relationship with Colombian President Ernesto Samper?

[Caldera] I believe President Samper is a man of goodwill. I delivered a speech at the Colombian Congress when President Samper invited me for an official visit to Santa Fe de Bogota, and I told the representatives of the Colombian people what the Venezuelan people are feeling. We want good relations. We are convinced that we must walk together, but we want them to feel what we feel. We want them to recognize our demands.

In Colombia, as in other countries of the world, there are people who take advantage of any circumstance to try to create a type of political scandal, thinking they will get more votes in some future elections. We have to be firm about this. We must be discreet and prudent in the positions we adopt. I told the Colombian people that I have been in the political struggle for more than 50 years. I am a passionate defender of my country's rights. I challenge them to find a single offensive phrase against Colombia. I have never offended Colombia, but I do say that to defend the rights of Venezuela is not to offend.

Many people become confused with this. Some people think that when we say that Venezuela has fundamental rights in the Gulf of Venezuela, we are offending Colombia. What we are doing is defending the rights of our country.

I would like to make a reference to a phrase I used during my swearing-in speech. I made a reference to the liberator in Pativilca. Bolivar in Pativilca was facing a desperate situation. Most of Peru was occupied by the Spaniards. His health was deteriorating, and he was operating under very adverse conditions. Mr. Joaquin Mosquera asked: General, what are you going to do? Bolivar replied: Achieve victory. He was victorious. Why? Because he was right, because he was doing the right thing, because he had the will to do it, and because he had a people who followed him and who accompanied him. The Pativilca events were in January and on 6 August 1824, he won the Battle of Junin.

This is what the Venezuelan people need. Let us be victorious. We are facing difficulties but we are neither the worst people in the world nor are we incapable of resolving our problems. Let us seek the support of the organizations that provide us the support according to the indispensable conditions to prevent the country from suffering irritating or unfair consequences. We are going to do this. We are going to come out ahead, and I want to tell the Venezuelan people that we are fighting hard but we are going to be victorious, and we will be victorious.

[De Castro] We wish you success, Mr. President.

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Article Views Reports on Sources of Coup Rumors

PA2911032595 Caracas EL UNIVERSAL in Spanish 24 Nov 95 p 1-12

[Report by Berenice Gommez Velasquez]

[FBIS Translated Text] Persistent rumors of a coup, the rebellion of the Navy in Puerto Cabello, the takeover of barracks in the country's interior, and the taking of the Miraflores presidential building by the military have saturated newspaper editors' offices and the homes of officers and politicians in Caracas for the past three days.

The information was handled by military and civilian intelligence services, which have been tracking the gossips for two weeks and succeeded in linking the rumors to some destabilizing actions that had been calculated to justify the wave of rumors.

EL UNIVERSAL got access to several military and civilian intelligence reports on this specific case. The originators of these rumors were identified as members of "Red Flag," "Third Way," "People's Disobedience," "We Shall Win," a small faction of the Bolivarian 200 Revolutionary Movement [MBR-200], and the remnants of the Military Police's Ceta Group headed by Bernal.

Other groups that had planned actions were "People's Unitarian Bloc" [BPU], the 21 November Coordinating Board, Union of Revolutionary Youths [UJR], and the Human Rights Foundation.

The analysis of intelligence officials indicates that these groups have been losing importance. "But not so much as to warrant disregarding them," one of the investigators said.

According to the investigators, these groups attempted to paralyze the country for one day, taking advantage of the commemoration of Student's Day, but did not reckon on the people's boredom, the students' apathy, and the media's alertness.

Marches and other forceful acts in which the students ostensibly were the protagonists had been planned with the criminal intent of having someone killed so they could have more causes for protests during the agony, the vigil, the funeral, and then the anniversaries, the investigators said.

Actions of pressure included kidnapping of authorities, marches with torches, and burning buses, minibuses, and soft-drink trucks, objectives that were not attained because only one truck was burned on Moran Avenue.

"The youths who are used for these actions do not know they are being exposed to death or injury. The leaders stay in the background and use the students as cannon fodder and incite them to burn vehicles owned by the drivers, who are thus left without a source of income and ruined."

The investigators said that the planned actions included a pots- and-pans demonstration and a horn-blowing demonstration. The people were called to stop their cars throughout the country at noon on 21 November and keep blowing their horns for 10 minutes while housewives beat their pots and pans from their windows.

"It was a complete failure. The people failed to respond. Fortunately for us, the instigators have scant power of convocation. Very few people saw the fliers with the instructions. We found a vehicle full of subversive propaganda and confiscated it."

"We had the information five days before the actions. They wanted to destabilize the country, create a climate of insecurity that could be aggravated with the passage of time to harm the elections. But it was a complete failure. They wanted to create disturbances and uncertainty, give the impression that all of the country is dissatisfied and does not want to vote. They wanted to demonstrate and pretend to have a force they do not have."

"The discredit is of such a nature that the low-ranking officers not only are turning down rumors of a coup but are circulating 'the news' and reporting on those who are trying to win them over for a coup. This is the case of Captain Orlando Campos, retired, who has been reported on by several officers who are upset by his proposals."

The planned actions for noon on 21 November were as follows:

— National Protest Drive "Against the Government's Unpopular Policy;" "National Civic Strike."

— Los Teques. Horn-blowing and pots-and-pans demonstration.

— Valencia. Horn-blowing demonstration by the Carabobo University buses.

— Naguanagua. Rocket-firing rally on 100th Avenue.

— Maracaibo, traffic paralysis on Circumvalation Avenue and the bridge over Urdaneta river with buses of the LUZ enterprise. Demonstration with fliers at LUZ. "Labor strike" throughout the state against failure to pay salaries and failure to pay bonds and benefits to oil workers and Zulia state police.

— Maracay. Horn-blowing and pots-and-pans demonstration and traffic paralysis.

— Barquisimeto. "Regional student march for life and human rights" and horn-blowing and pots-and-pans

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demonstration. Hunger strike to have a plot of land donated for a school.

— Barcelona: "March for life" by the victims of police buses, prisoners, and unfairly tried people.

"The country witnessed the power of the convocation of these people. These actions had been planned to give the impression that the country was on fire and that there were stoppages, strikes, and horn-blowing demonstrations, all of which stood for the people's anger, repudiation, and distress. But there was a total failure. They did not succeed.

Chavez' Decline

The intelligence officials' attention was arrested by the fact that the MBR-200 looks fractured. The most recent actions called for by their leader, Chavez, have looked unexciting. For this reason, intelligence officials speak of "the decline of this leader, his scant power of convocation, the people's scant enthusiasm, and the very few people who attended the events."

The investigators referred to the most recent MBR-200 action in Los Teques, "where Chavez walked the streets without arousing any great curiosity and where he harangued less than 60 people. Is this why he changed his looks, abandoning his sleek appearance?"

The intelligence officers referred to the MBR-200: "They are more and more divided. Most of them are coming closer to Francisco Arias Cardenas and his chance for victory. A few of them stayed with Chavez and his speech inciting abstentionism."

Meanwhile, the defense minister, the most often cited as leader of the military coup, toured the country. On 21 November he was at the theater of operations with Task Group 11.

Interior Minister: Election Day Disruptions To Fail

PA2811200595 Caracas Venezolana de Television Network in Spanish 1545 GMT 28 Nov 95

[Report by Pedro Prado]

[FBIS Translated Text] Interior Minister Ramon Escovar Salom says the government will implement additional measures to guarantee increased support for the Republic Plan.

Over the past few days, certain news media have speculated that disturbances have been planned to create a climate of instability prior to the 3 December elections. In response to this, Interior Minister Escovar Salom has scheduled a meeting with the security organizations on 30 November to finalize coordination of security plans for election day.

[Begin Escovar Salom recording] I am hopeful and confident that the electoral process will be completed in total normalcy. Certain fellow Venezuelans' plans to disrupt public order are doomed to failure, which has been fully proven. They have no drawing power or substance; therefore, a united and peaceful country has and will defeat any plan that may exist in that regard. [end recording]

From a broader perspective, Escovar Salom believes that the country's main task these days is to defeat abstention. In other words, the people must vote. However, he declined to comment on a possible setback for pro-government political parties during the 3 December elections.

Development Minister Denies Colombia Suspended Exports

PA2811225395 Caracas Venezolana de Television Network in Spanish 0200 GMT 24 Nov 95

[FBIS Translated Text] Although many Venezuelans feel that a return to the Retail Sales Price [PVP, Precio Venta al Publico] is the most effective solution to controlling inflation, journalist Pedro Prado was able to learn that the development minister suggests other means could be more effective.

[Begin recording] [Prado] In the opinion of Development Minister Werner Corrales, the establishment of a top reference price is more beneficial to society. He insisted that the best thing is for the consumer to have precise information on the prices to be paid. The PVP will cause problems, he said.

[Corrales] One must teach a technical awareness of things, and, also, political awareness. I would say with regard to technical awareness that we must know a little about the economy and how the economy is handled with regard to the distribution of goods. As for political awareness, I would say that we need to understand what role each one plays on a government team.

[Prado] Commenting on ALADI [Latin American Integration Association], he denied that Colombian exports to Venezuelan have come to a standstill and that Venezuela has moved away from the export-import agreement to engage in a trade war.

[Corrales] What Venezuela has done is to begin to request a prior authorization, the same as with the rest of imports, in order to have information on what it is we are importing. The Exchange Administration Board [JAC] today announced — rather, JAC coordinator Rafael Pena announced — that it will give the most expeditious assistance to the authorizations handled through ALADI's reciprocal payments accord. Therefore, our

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commercial partners should have no concern in that respect.

[Prado] [Word indistinct] regarding compliance with the ALADI accord that allows loans and reciprocal loans to importers and exporters from the continent, Venezuela accumulated a negative balance of $300 million, which is being resolved. [end recording]

Oil Strike on East Coast of Maracaibo Lake 'Complete'

PA2811223195 Caracas EL UNIVERSAL in Spanish 24 Nov 95 p 2-1

[Article by Ebis Romero]

[FBIS Translated Text] Maracaibo — The oil strike on the eastern shore of Maracaibo Lake is complete, adversely affecting the 1.5 million barrels of oil per day produced in the area, which represents 72 percent of the nation's production.

Since 0600 on 23 November, groups of workers stood in front of the oil installations of Lagoven Inc. and Maraven in La Salina, Tia Juana, and Lagunilla, which remained heavily protected by the National Guard, who ordered the eviction of the workers to avoid public disorders.

The strike adversely affected oil-refining operations, the Liquefied Petroleum Gas plant, crude oil pumping stations, the Lagoven refineries in Amuay, the loading of oil tankers that supply refineries, international crude oil markets and refined products, power generation in all subsidiaries, and the operations of production, drilling, and maintenance of oil wells.

The strike also adversely affected the loading of crude oil and refined products at refining plants and to international markets in 20 oil tankers, each shipping 300,000 barrels of oil and 250,000 barrels of refined products every day.

Nearly all 31,000 oil industry workers in the areas of operation of Lagoven and Maraven in La Salina and Tia Juana joined the national strike called by Fedepetrol [Federation of Oil Workers] to demand that Pdvsa [Venezuelan Petroleum Inc.] grant a wage increase of 3,000 bolivares per day, revision of contract vindications twice a year, a two-year contract, approval of pensions for retirees and pensioners, and the changing of provision 124 on the transfer of contractor workers, which for Fedepetrol represents the dismissal of 30,000 workers.

Meanwhile, representatives of the country's oil industry recognized the strike's success but said the contingency plans achieved the objective of protecting the production areas in Maracaibo Lake and its installations with the incorporation of 3,000 professionals and higher-level employees from the subsidiaries of Maraven and Lagoven, but without the support of the workers who carry out these duties every day.

Silfredo Bastidas, president of the SOEP-Cabimas [expansion unknown], said the workers were able to break the continency plan initiated by the oil industry to reduce the effects of the labor strike. The contingency plan was interrupted thanks to the efforts made by all workers who felt the need for the consolidation of the vindications requested in the discussion of the collective bargaining contract.

"We hope that with this action the national government will review the situation to prevent this strike from becoming a general strike, which we know the country could not take under the current economic circumstances. The country could not resist the complete paralyzation of the national oil industry.

"We believe that Pdvsa must reflect on these requests because this is the result of not having listened to the workers, who had been conducting protest actions in all of the country's areas of operation."

Rafael Reverol, member of the Executive Committee of Fetrahidrocarburos, and Hector Diaz Sanchez, member of the Executive Committee of Fedepetrol, who said they were in charge of overseeing the fulfillment of the strike convened by these two labor unions for a 12-hour period, warned that if Pdvsa continues with its inflexible position, starting this Thursday, 30 November, they will file a grievance document at the Labor Ministry calling for an indefinite labor strike with the paralyzation of 80,000 workers in the entire country.

Credit Card Holders Accuse Banks of Perpetrating 'Scam'

PA2811195795 Caracas Venezolana de Television Network in Spanish 1545 GMT 28 Nov 95

[Report by Zaida Pereira]

[FBIS Translated Text] Credit card holders who have used their cards abroad have filed a complaint with the Consumer Defense Institute [Instituto de Defensa al Consumidor y al Usuario — Indecu] over the alleged scam that most of Venezuela's banks are perpetrating against them.

A group of 10,000 card holders have sent a letter to Indecu complaining about an action which, according to the law, is a crime. The card holders made purchases abroad and charged them on their credit cards prior to 26 October, when the dollar exchange rate for travelers

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was 170 bolivares per dollar. Nevertheless, the banks are trying to charge the card holders' accounts at the Brady rate and with interest on late payments. The only bank that has not been charged is Banco Venezolano de Credito. Credit card holder Esteban Gerbasi and Indecu President Lorenzo Tovar addressed reporters regarding this issue.

[Begin recording] [Gerbasi] This means that if you purchased a $1,000 computer at 170 bolivares per dollar, a computer that cost 170,000 bolivares will now cost 325,000 to 345,000 bolivares. This is a debt that we should not honor or pay.

[Tovar] This is creating over 5 billion bolivares in profits for these credit card establishments. This is harmful to credit card holders, and it is my organization's duty to defend consumers from such procedures. [end recording]

On 30 November, bank representatives will meet with Indecu President Tovar to exhaust all means of reconciliation. Nevertheless, if an agreement is not reached, penal measures will be implemented.

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